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BUSINESS

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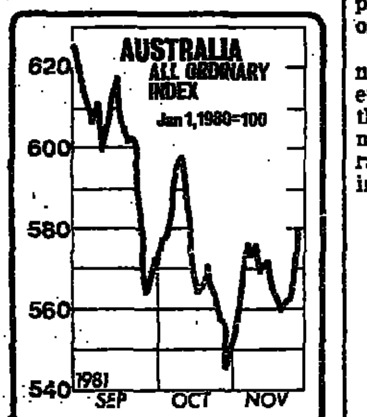
● STERLING continued to rise, adding 85 points to $1.9395. It improved to DM 4.315 (DM 4.3075), SwFr 3.45 (SwFr 3.435) and Y419 (Y418.5) but remained at FFr 10.875. Its trade-weighted index was 91.3 (91.2). Page 28

● DOLLAR weakened slightly to DM 2.225 (DM 2.23), FFr 5.6075 (FFr 5.6235) and Y216 (Y216.5) but was unchanged at SwFr 1.7775. Its trade-weighted index remained at 105.6. Page 28

● GILTS reacted against Wednesday's three-month highs. The Government Securities index fell 0.34 to 64.36. Page 36

● EQUITIES were undecided. The FT 30-share index eased 0.1 to 526.1. Page 36



● SYDNEY All Ordinaries index closed 10.9 up at 580—the biggest rise for nearly three months. Page 29

● WALL STREET and other U.S. markets were closed for Thanksgiving Day.

● GOLD fell $¾ to $409½ in quiet London trading. Page 28

● TIN cash price closed £237.5 up at £8,575 a tonne after hectic trading on the London Metal Exchange. Back Page

● JAPANESE motor industry leaders agreed to restrict further shipments of light commercial vehicles to the UK. Back Page

● JAPAN acted to slow imports of pork. Page 5

● BRITISH TELECOM has asked several international companies to tender for a central telephone exchange contract which could be worth over £500m. Back Page

● BP OIL, Shell and Esso resumed profitable trading this month after losing money for most of the year. Back Page

● SHELL'S 2,000 tanker drivers have been recommended by shop stewards to stage a series of lightning one-day strikes over an 8.1 per cent pay offer. Page 8

● TOOTAL is set to dispose of its 49.5 per cent holding in Bradmill Industries, Australian textile company, in a deal which could be worth A$39.8m (£23.9m). Page 22

● THOS. W. WARD, industrial holding company, urged shareholders to reject a £111m takeover bid by RTZ. Page 22; Lex, Back Page

● UNILEVER, Anglo-Dutch multinational, proposed amendments to its dividend equalisation agreement. Page 2; Lex, Back Page

● TUNNEL HOLDINGS, construction materials group, reported a 16 per cent rise in pre-tax profits to £8.76m in the 26 weeks to end September 27. Page 20; Lex, Back Page

● COURTAULDS reported a record pre-tax profit for the six months ending September of £20.5m (£2.8m). Page 20; Lex, Back Page

PRICE CHANGES YESTERDAY

in pence unless otherwise indicated)

RISES						
l	238	+ 10		Utd. Gas	74	+ 5
	135	+ 6		Vickers	156	+ 5
(W.)	54	+ 6		Ward (T. W.)	196	+ 8
Int.	142	+ 4		Berkeley Expln.	397	+ 17
(A.)	248	+ 8		Anglo Amer. Corp.	685	+ 15
Star	332	+ 6		Ashton Mining	85	+ 5
Bros.	172	+ 6		Bougainville	74	+ 5
ys Bank	205	+ 10		Kamunting	80	+ 8
ss (A.)	62	+ 4		MIM Hldgs.	200	+ 8
Travel	288	+ 13		Otter Expln.	74	+ 8
gham	224	+ 14		Peko-Wallsend	345	+ 30
ainl	202	+ 10		Poseidon	187	+ 7
Bank	430	+ 10		RTZ	468	+ 14
Vtg.)	170	+ 18		Western Mining	238	+ 8
ld Brew.	299	+ 11		FALLS		
Elect.	415	+ 10		Exch. 12¼pc 1999	£83⅞	— ⅜
d	186	+ 6		Mills & Allen	425	— 20
Inds.	184	+ 8		Plessey	337	— 8
nsulate	63	+ 6		Wedgwood	83	— 4
				Carless Capel	144	— 6

Cabinet agrees public spending can rise £5bn above target

BY PETER RIDDELL AND MAX WILKINSON

THE CABINET agreed yesterday to allow public spending for next year to rise by close to £5bn above its original planned total of £110bn.

The new spending plans and a series of measures to claw back money into the Exchequer will be announced next week, probably on Wednesday.

These measures will include an increase of £2.50 a week, or 22 per cent, in council-house rents and a cut in the real value of unemployment benefit. The cut in benefit will be achieved by not allowing compensation for the one to two percentage points by which inflation this year has exceeded the last increase in benefits.

This amounts to a cut in the real value of benefit by the same amount, though it has been done in a way which the so-called Tory wets will find hard to oppose in the Commons.

This compromise compares with an original proposal by the Treasury for savings of 5 percentage points in real value of benefit.

Ministers were saying last night that the poorest unemployed would be safeguarded through the safety net of supplementary benefit, which is being raised fully in line with inflation.

The increase in council rents was accepted after weeks of arguing between the Environment Department, which wanted only £1.50, and the Treasury which wanted as much as £4.50.

The increase will bring the average council tenant's rent in England and Wales to £13.89, a rise of 117 per cent since April 1979, when the average rent was £6.40.

Other measures likely to be included in the announcement are an increase in National Health Service charges and in employees' national insurance contributions.

At the same time the Treasury's official forecast for the economy next year will be released. This will show a substantially higher inflation rate compared with the figure expected at the time of the last Budget.

The outcome of yesterday's meeting is regarded as an honourable defeat for the Treasury in its continued battle to curb Government spending.

Spending Ministers generally appear reasonably satisfied with the outcome. They believe that they had made progress in forcing the Treasury to take a more flexible view of their plans, though these Ministers recognise that the measures will still be unpopular.

From the start of the recent expenditure exercise, the Treasury had been prepared to make a substantial concession above the White Paper's plans, which it values at £110bn.

This is because it expects revenue in the current year to be £3bn more than previously expected. This windfall is expected to be continued next year.

Most tax revenues automatically increase with higher inflation, but the 60 per cent of spending, which is subject to cash limits, will be held as far as possible to the totals agreed yesterday.

These limits were based on the assumption that inflation in the public sector will be 7 per cent. The Treasury's forecast for the whole economy, on the other hand, will suggest only a slow fall of price inflation from nearly 12 per cent in January to around 10 per cent by Christmas 1982.

The Government next week will also face unpopularity because an increase in the television licence fee will be announced from £35 a year now for a colour set, probably to between £42 and £46.

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Policies mean 'stagnation for next five years'

BY OUR ECONOMICS CORRESPONDENT

THE ECONOMY faces the prospect of stagnation and rising unemployment for the next five years if present policies are continued, the National Institute of Economic and Social Research says in its quarterly review published yesterday.

The Institute expects output between this year and 1986 to increase by an average of only about 1¼ per cent a year.

It says that this increase is too small to allow unemployment to be reduced. It expects the total of adult unemployed to rise by 600,000 to 3.4m by 1986.

When school-leavers are included this could imply a headline total of 3.8m, or even more. even more.

Inflation is expected to remain at just under 11 per cent next year but to fall to 8 per cent in 1983. The main reason for this forecast is the institute's view that world commodity prices will rise more slowly than in 1979 and 1980.

The institute is significantly more pessimistic about the prospects for output than the most recent forecast from the London Business School. This expects output to grow by 1.7 per cent next year, compared with the institute's figure of only 0.6.

For 1983, the institute forecasts a growth rate of 1.4 per cent, half that predicted by the Business School. The school is less pessimistic about prospects for adult unemployment, which it says will be 2.8m next year against the institute's prediction of 3m.

Both forecasts are broadly in agreement about the inflation rate for next year, but unlike the institute the Business School believes there will not be a significant fall in the rate until 1985.

This reflects its belief that the effective exchange rate will fall, while the institute thinks it will stay at broadly its present level.

The institute predicts that the balance-of-payments surplus on the current account will be £4.5bn next year and will have doubled by the middle of the decade.

This is almost the only bright patch in its heavily overcast outlook for the economy, which it says can be revived only by a major change of Government policy.

It says in its appraisal: "The monetarist doctrine that one should do nothing, beyond establishing fixed rules such as increasing the quantity of money at a steady rate, presupposes that the economy is inherently highly stable and close to an acceptable employment rate."

But these conditions no longer existed, it said. The

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Bid for Micro Consultants

BY RAY MAUGHAN

United Engineering Industries, the £55m Cosworth racing engines and Link television cameras group, which is capitalised in the stock market at £55m, is set to double its size with an agreement to buy one of the largest privately owned electronics companies in Britain, Micro Consultants, in a deal worth £53.3m.

The vendors are Mr Peter Michael and Mr Robert Graves, who formed Micro Consultants in 1967. Based in Newbury in Berkshire and Kenley, Surrey, the company manufacturers and designs computer interfaces and complete digital systems. Its products take in a wide range of electronics systems and processes and, exploiting its digital techniques, Micro Consultants formed Quantel in 1973, now one of the leaders in the market for TV broadcast equipment.

With the approval of shareholders at an extraordinary meeting on December 17, UEI will issue 26m shares to Micro Consultants which will then control 49.5 per cent of the enlarged share capital. UEI's shares were suspended on the stock market yesterday at 205p, which values Micro Consultants and its privately owned subsidiaries in the U.S. at £53.3m.

The U.S. companies are Micro Consultants Incorporated and Micro Consultants Technology Incorporated, both based in California. The former acts as an agent and consultant to the British company while Technology manufactures Quantel's products at Campbell, California.

The main British company had net assets of £7.4m on June 30 and its profits in the year ended on that date amounted to £2.98m before tax. The U.S. offshoots were valued at £899,000 (£463,500) and their combined pre-tax profits were $735,000.

Micro Consultants has been courted assiduously by a number of leading electronics companies. "We've had several very serious approaches several times a year," Mr Michael said yesterday, "but we were looking for the right mixture of people, products and financial position." Micro Consultants is joining what Mr Len Jagger, a director of UEI, described as a "club of entrepreneurs" which produced pre-tax profits of £3.2m in the year ended January 31, 1981, against £2.36m in the previous year. Its profits in the subsequent six months were £1.4m.

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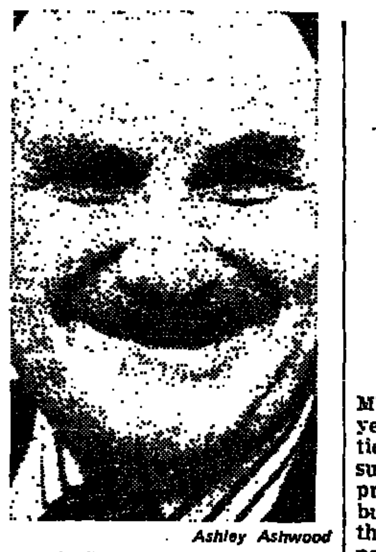

Ashley Ashwood

Mr John Harvey-Jones, the new ICI chairman

New ICI chairman named

By Sue Cameron, Chemicals Correspondent

MR JOHN HARVEY-JONES, who was named yesterday to succeed Sir Maurice Hodgson as chairman of Imperial Chemical Industries, is expected to make some radical changes at Britain's biggest manufacturing company.

Mr Harvey-Jones, 57 years old and one of ICI's three deputy chairmen, will take over from Sir Maurice on April 1 next.

The appointment of the former Naval officer was widely welcomed both within ICI and the chemical industry last night. Mr Harvey-Jones has already acquired a reputation for being a forceful and, when necessary, ruthless leader. He played a key part in ICI's decision to pull out of the loss-making bulk polyester fibres business last year with the loss of 4,500 jobs.

Industry experts believe Mr Harvey-Jones will move swiftly to merge ICI's Cheshire-based Mond general chemicals division with the plastics and petrochemicals divisions that were amalgamated earlier this year. He is also expected to streamline the company's top management structure.

At present, along with the three deputy chairmen, the group has half a dozen general managers and eight divisional chairmen, who do not sit on the main board.

Mr Harvey-Jones beat Mr Bob Haslam and Mr Bill Duncan, the two other deputy chairmen, in the race for the top job. Sir Maurice has headed the UK-based chemicals giant since 1978.

ICI, which has been hard hit by the recession, shocked the City in 1980 when it declared its first-ever loss in the third quarter of the year and then cut its shareholders' dividend. But under Sir Maurice's leadership, the group—which ranked fifth in the world league table of chemical companies in sales last year—has done much to rationalise its operations.

Men & Matters, Page 18

UK budget plan divides EEC London summit

BY JOHN WYLES

MRS MARGARET THATCHER yesterday added to the difficulties of the troubled EEC summit meeting in London by proposing a special seven-year budget contributions deal for the UK as part of a reform package.

In a move which emphasises that there is no softening of the UK's insistence on long-term relief from its EEC budget burden, Mrs Thatcher argued that the Community must try to meet its previously agreed December 31 deadline for ending Britain's "unacceptable situation."

Britain's payments towards the running costs of the EEC are limited by a temporary arrangement which could operate until the end of next year if the Ten fail to meet the deadline, set on May 30 last year.

There seemed only the faintest hope last night of this commitment being honoured since it also involves agreement by the heads of government on "operational guidelines" for new policies and for reforming the Common Agricultural Policy.

The British Government, acting as President of the EEC Council of Ministers, held back its seven-year proposal until the eleventh hour on Wednesday. The late move irritated some delegations at the summit because most of Britain's partners want to limit any new deal for the UK to two or three years.

Early indications from yesterday's tricky discussions between heads of government and their foreign ministers in Lancaster House confirmed fundamental disagreement over changing the CAP* as well as divisions over the budget restructuring.

The summit thus looks likely to refer two key questions—how to cut back the costs of the dairy and cereals sectors—to a joint meeting of foreign and agriculture ministers.

The British Government, seeking to break out of the present negotiating cul-de-sac, has asked the summit to address 10 questions.

Of these, six apply to the CAP and seek agreement on, among other things:

● A definition of a "prudent pricing policy" for farm produce;

● A means of dealing with looming surpluses of wine, olive oil and fruit and vegetables after Spain and Portugal join the EEC;

● Ways of limiting the future growth of farm spending.

On this last point, the summit may agree on a weak formulation that farm spending should rise at a lower rate than the growth of the EEC's budget revenues.

The most promising aspect of the reform negotiations last night seemed to be a compendium of proposals for strengthening existing non-farm policies and developing new measures to relieve the plight of the unemployed and to promote convergence between EEC economies.

The government leaders settled two contentious issues: they agreed that the New Community Instrument—a loan scheme focusing on energy infrastructure investments—will be established as a permanent fund. Its size, however, remains to be determined.

They also agreed to expand the EEC's regional development fund, but on the understanding that it should be available to all member states—a point heavily emphasised by President François Mitterrand of France.

This is a blow for the European Commission which wants to concentrate the fund on backward areas in the EEC's four poorest countries, the UK, Italy, Ireland and Greece.

Yesterday's tense discussions opened with the long-awaited statement from Mr Andreas Papandreou, the new Greek Prime Minister, on his country's future in the Community.

He stressed that, for the moment, Greece was not considering withdrawal but wanted special status so as to safeguard its economy, and to introduce special aids for its agriculture.

He did not elaborate further and was not pressed by his fellow heads of government for more detail.

With some relief, the leaders adjourned to dinner in Downing Street last night to hear Chancellor Helmut Schmidt of West Germany report on his meeting this week with Soviet President Leonid Brezhnev and to discuss East-West relations and the Middle East.

IMAGE SLIPS

The image of Euro-style efficiency and enthusiasm cracked a little at a briefing in the Lancaster House Press centre. First the microphones broke down and then the man from No. 10 referred briskly to Greece's Premier Papadopoulos. "Sorry, that should, of course, be Papandreou."

Romania dispute exposes Comecon tensions

BY PAUL LENDVAI IN VIENNA

A PUBLIC split has developed between Romania and Czechoslovakia over the timing and content of the former's proposal for a Comecon summit and over their reactions to President Ronald Reagan's "zero option" offer on nuclear weapons reductions in Europe.

President Nicolae Ceausescu, of Romania proposed a Comecon meeting at head-of-party level at the end of the organisation's prime ministers' gathering in Sofia last July. He wanted it primarily to secure greater deliveries of Soviet oil and other raw materials to mitigate Romania's economic problems, but the idea was rejected by the Soviet Union and other Comecon countries.

Mr Ceausescu returned to this theme yesterday in a speech to the party central committee strongly criticising his own government for economic shortcomings but also accusing his Comecon partners of dragging their feet over the summit. He mentioned specifically Romania's interest in greater co-operation in energy and raw material supplies.

He complained that Comecon bodies "have not provided proper solutions" to these problems, implying that Romania has been unsuccessful in attempts to increase oil and other imports from the Soviet Union.

Over the past decade Comecon's share of Romanian trade has fallen from 50 to 34 per cent while the share of its raw material imports from Comecon has dropped from 47 to 21 per cent.

Rather than increase energy exports to Comecon, Hungarian officials revealed this week the Soviet Union intends to begin talks with its economic partners shortly on reducing such exports by 10 per cent from the original five-year plan target. This provided for a 20 per cent increase in Soviet energy exports to Comecon above the previous five-year plan.

While the Romanian leader was voicing his complaints against Comecon, Mr Vasil Bilak, the hard-line Czechoslovak party central committee secretary, strongly attacked some parties" for showing "a certain hesitation" towards Soviet-inspired plans for a world communist party conference on peace and disarmament.

Mr Bilak also accused "some people who are blaming both sides and who, for the sake of so-called objectivity, lose common sense and the capability to judge international developments from a class point of view."

His criticism is being interpreted as a thinly veiled attack on Mr Ceusescu who, n a recent television interview, called Mr Reagan's latest disarmament proposals "an important step forward." This is in marked contrast to President Leonid Brezhnev's dismissal of them as propanganda during his visit to Bonn this week.

Meanwhile, the bulk of Mr Ceausescu's speech to the central committee was devoted to an admission of economic failures and scathing attacks on party and state bodies which could preface a major reshuffle in both government and party.

He also announced a sharp reduction in growth in national income to 5.1 per cent from the previous 1981 target of 7 per cent. He also hinted at a 5 per cent rise in prices next year and announced lower investment targets

The grain harvest, he said, was "about 20m tons" compared to the goal of 23.7m and oil and coal shortfalls had caused energy supply problems. Foreign trade was well below target with exports rising 12.5 per cent against the 21 per cent target.

Poll deadlock is stalling wider talks, writes **Christopher Bobinski**

Solidarity drives a hard bargain

TO THE CONTINUING dismay of the Polish authorities, it is now apparent that the population has taken a liking to the habit of protesting. So much so that even the lulls between the strike waves and set-piece clashes between the Government and Solidarity see many individual groups clamouring to be heard.

This week, shop assistants threatened to strike, if they did not get more protection from irate clients in search of scarce goods and the Press did not stop implying that they sell everything under the counter.

Strike organisers claim that 15 per cent of the country's students are sitting in to protest over an allegedly undemocratic appointment of the rector in a once obscure technical college in Radom. Farmers, too, their autumn field work over, are demanding that their rights be respected, and in Lublin teachers are protesting over the appointment of a local education chief.

So far, the authorities under the leadership of General Wojciech Jaruzelski are keeping cool. Having got the economically damaging strikes out of the way a few weeks ago, they decided for the time being that they can live with this level of protest. From time to time, they remind people that a strike ban and other "special measures" could be introduced. However, they also seem to be concentrating on the search for "national agreement," which means coming to terms with Solidarity and the Catholic Church.

Preliminary talks show that this is not going to be easy. Solidarity's demands include access to the media, an independent national economic council, which would monitor government economic policy, and free local government elections, due next spring.

The authorities have shown themselves unwilling to make concessions until Solidarity agrees to start talks on the "Front of National Accord." This would be a successor to the National Unity Front, the now-discredited Communist-controlled umbrella organisation, which served in the past to produce candidates for national and local elections.

In its new version, the front would include representatives of the church and Solidarity, but so far the authorities have failed to convince the union that it would amount to much more than a refurbished version of the old front.

Mr Walesa (left): wants right of veto for Solidarity. Gen. Jaruzelski (right): staying cool.

The issue is of some urgency for the Government, as the local government elections threaten to sweep away the Communists and allied candidates. An agreement beforehand, however, with the church and Solidarity within the framework of the front, would give the Communist Party a chance to retain its dominance.

Hard bargaining on the formula of the front might turn it into an institution which could provide a forum for reaching a consensus on national priorities between the authorities, Solidarity and the church. For the moment, the authorities have shown little sign that they are ready to surrender any significant prerogatives.

Thus, so far Solidarity has said no. The problem is that Gen Jaruzelski and the moderate politicians who surround him feel themselves to be under pressure from hardliners in the party, who want to ensure that the leadership not make too many concessions. Even talk of national agreement is suspect. A party central committee meeting today will show Gen Jaruzelski how wide his freedom of manoeuvre is.

Some attempt is being made to find a way out of the deadlock. Solidarity has intimated that it might reconsider its stance on the front of the authorities made concessions on access to the mas media and on the national economic council. Mr Lech Walesa, the Solidarity leader, last weekend even publicly suggested that his union, the church and the party could be granted the right of veto in the front—an idea which would give the major participants equal rights.

In spite of the problems, both sides are still talking. Most of the population is indeed becoming weary of strikes, something that is borne out by the opinion polls, and both sides must seem to appear to be reasonable.

Some party leaders are even working on the assumption that, as time goes on, support for Solidarity will ebb, and, as a consequence, support for the authorities will grow. The Solidarity leadership is ready to admit to this danger. Strikes are now hurting the union's image and failure to make progress in talks could further bring home to the union's leadership the realisation that the membership may lose faith in the union itself.

The resulting disappointment could lead to a growth in radicalism and revolutionary disorder based on the conviction that this method of negotiating with the authorities gets people nowhere. This is a danger that hard liners in the party seem not to notice. The population is already angry about shortages of consumer goods.

For the authorities, another advantage of including Solidarity and the Church in the front would be to isolate the fledgling political movements now developing both inside and outside the union. On November 11, the Confederation of Independent Poland (KPN)—an organisation deemed illegal by the state—whose leader Mr Leszek Moczulski is on trial—put some 1,500 young activists on to the streets in Warsaw as part of an independence day procession.

Last weekend, the police broke up a meeting at the home of Mr Jack Kuron, which was putting the finishing touches to a policy declaration setting up the Freedom Justice and Independence clubs (WSN), the basis for a more Left-wing social democratic movement.

Another group, the Clubs in the Service of Independence (KSN), rival's the former two. It has no more precise a programme than free elections and a vague Right-wing bent combined with a dislike of both Mr Kuron and Mr Moczulski.

Small political groups are also being set up in the provinces. Some estimates put the number of these as high as 20, but for the moment they have few adherents.

The Solidarity leadership is increasingly aware of the interest of Western governments in some kind of political stability in Poland and in some sign of economic recovery, which would smooth talks on further financial aid and on refinancing Poland's debts.

Mr Zbigniew Bujak, the union leader in the Warsaw region, which has around 1m members, told a meeting of unionists at the weekend that it seemed certain that Western financial support for Poland was dependent on "strikes coming to an end and talks starting with the Government." A similar message, it seems, was conveyed to Mr Walesa during his recent visit to France.

Olszowski raises spectre of confrontation

BY OUR WARSAW CORRESPONDENT

A LEADING hard-line member of the Polish Communist Party's politburo has warned that confrontation with Solidarity could follow if the two sides do not manage to reach agreement in the current round of negotiations. Despite his warning, however, an unpublished letter circulated by the politburo to rank-and-file party organisations shows that moderate thinking is dominant in the leadership.

In a rare interview for Trybuna Ludu, the party newspaper, on the eve of an important central committee meeting, Mr Stefan Olszowski, who is traditionally identified with hard-line opinion in the party, gave further support to the idea of the "front of national accord."

This is an organisation, proposed by the Government, which would give the independent union and the Roman Catholic Church a say in selecting candidates for national and local elections.

His statement suggests the party leaders are united on this issue and are not expecting criticism from the central committee which is gathering ostensibly to discuss the economy but which will touch inevitably on political issues.

The authorities have been urging Solidarity and the Church to join the front, which continues the role of the Front of National Unity, an umbrella organisation for selecting candidates for local and national elections. Solidarity, however, is wary of being drawn into the establishment without much guarantee of real influence over policy.

Mr Olszowski, in his interview, rejected a recent proposal by Mr Lech Walesa, Solidarity's leader, that the Communist Party, the union and the Church be granted the right of veto over decisions taken by the front.

The politburo's letter to party members says the front idea "is not a tactical move nor an attempt by the party to subordinate independent tendencies in society. It is not a tactical game designed to return to the days before August, 1980." It also points out that the congress in July decreed that the Communist Party "must modify the way it exercises its leading role" which can no longer be based on "giving orders."

But, in what amounts to a party-wide plebiscite which could reflect divisions at the top, the letter leaves open the question of what to do about strikes. Despite the dire picture the letter draws of the state of the country, it makes no recommendation and confines itself to saying that "the politburo wants to hear the opinions of the entire party on the steps which could be taken to put an end to strike pressure and acts aimed at undermining the authorities."

● Mr Marian Krsak, the Finance Minister, said yesterday that Poland's hard currency debts now total $25.7bn-$24.5bn

Spanish senate vote approves Nato entry

By Robert Graham in Madrid

THE SPANISH Senate yesterday overwhelmingly endorsed Spain's membership of Nato, clearing the way for a formal request to join.

The Senate voted 102-60 in favour, with socialist Senators opposing. In the Lower House, the Socialists and Communists were the principal opponents in a heated debate three weeks ago.

Gibraltar pledge

Britain has confirmed its commitment to sustain Gibraltar's economy after two days of talks on the UK's decision to close the naval dockyard, writes our Gibraltar correspondent.

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Schmidt-Honecker meeting likely soon as relations begin to thaw

BY LESLIE COLITT, IN BERLIN

THE MEETING in Bonn this week between Chancellor Helmut Schmidt and President Leonid Brezhnev has cleared the way for a long-delayed encounter between Herr Schmidt and Herr Erich Honecker, the East German President.

The West German leader says he expects to meet Herr Honecker in East Germany in the next few months. Herr Honecker has spoken with unusual warmth about the two German states having shown in the recent past that they could "reach agreement on important questions even in difficult times."

However, the sudden cancelation of their scheduled meeting last August demonstrated amply that their relationship is as fraught with dangers as the minefields which divide their two countries.

The strike wave in neighbouring Poland caused East Berlin and Bonn to cancel abruptly that meeting near East Berlin. But the East German leadership had already been unnerved by Herr Schmidt's intention of also visiting the East German city of Rostock. The memory of former Chancellor Willy Brandt's tumultuous reception in Erfurt in March, 1970, was still fresh in the minds of East Berlin's rulers.

When the two German leaders do meet—for the first time since Her Brandt conferred with Herr Willi Stoph, East Germany's then Prime Minister, in Kassel in May 1970—they will be wholly without illusions. One of West Germany's last remaining ones was shattered last November when East Berlin tripled the amount of currency which West Germans must exchange to enter East Germany.

East Germany has let it be known it will not budge on this issue which is so emotional to West Germans. However, it needs all the hard currency it can get and this remains Bonn's only hope of obtaining at least a few concessions on the humanitarian front.

At the end of the year, the annual DM 850m swing credit in intra-German trade expires. This credit allows East Germany to order from West Germany goods which are not covered by East German reciprocal deliveries. Bonn has indicated that although the interest free credit is due to revert back to DM 200m on January 1, it could be extended until negotiations begin early next year. The West Germans can only hope their gesture will be reciprocated.

Dutch aid hard-hit engineering companies

By Charles Batchelor in Amsterdam

THE DUTCH Government yesterday unveiled a rescue plan for its hard pressed heavy boiler-making industry.

Electricity supply companies will place Fl 4.5bn-Fl 5bn (£955m-£1.06bn) worth of orders for power station boilers over the next five years, while the Government will take a two-thirds share in a new company to absorb the boiler-making activities of Rijn-Schelde-Verolme (RSV) and VMF-Stork, the two concerns involved, Mr Jan Terlouw, the Economies Minister, told Parliament.

The two companies had appealed to the Government for support to prevent closure or extensive cutbacks in an industry which has been affected severely by the decline in demand for electricity generating equipment.

The joint electricity producers' organisation, representing utilities owned by local authorities, has agreed to order a total of nearly 3,000 MW of additional capacity

Two power stations with 960 MW capacity will be built at Dordrecht and Velsen while two oil and gas-fired power stations at Boressele and the Maasvlakte, with total capacity of 1,400 MW, will be converted to burn coal.

The Dutch boiler-makers, providing they are otherwise competitive, will also be given preference in tendering for a 600 MW power station to be built by Verenigte Elektrizitaetswerke Westfalen (VEW), the West German utility.

The Government will establish a new company, Mij tot Exploitatie van Stork's Ketelbedrijven (MESK), to take over VMF-Stork's boiler-making subsidiary, Stork-KAB. VMF-Stork will retain a one-third holding, worth Fl 15m (£3.2m), while the remainder of the shares will be held by state agencies. The national investment bank will provide Fl 20m of new capital and a new government-owned trust company will provide Fl 10m.

The other main boiler-maker—RSV's De Schelde subsidiary—will not take part in MESK at first but will transfer its large boiler-making activities to the new company over the next few years.

UK warns Turkey publicly

By David Tonge

BRITAIN, in its role as president of the EEC Council of Ministers, has joined West Germany in warning the Turkish military regime openly that its policies are threatening the future of the Western aid needed for the country's economic recovery.

Mr Humphrey Atkins, Britain's Deputy Foreign Secretary, this week told Mr Rahmi Gumrukcuoglu, the Turkish ambassador to London, that imprisoning Mr Bulent Ecevit, the former Turkish Prime Minister, would make it more difficult for the EEC to aid Turkey.

He warned that it would add to the strength of feeling against Turkey in the European Parliament.

Britain has previously given discreet warnings to Turkey's rulers but, unusually, the Foreign Office released details of this latest one.

West Germany is warning that disbursement of its aid to Turkey may be held up if a return to democratic processes is not started. This year, West Germany reduced its aid pledges to the country but still provided about a third of the $940m pledged by Western countries.

The U.S., which maintains good relations with Turkey's generals, appears to be stepping into the gap. In May it pledged $350m aid, but it is increasing its aid allocations sharply.

Japanese Cabinet posts 'change hands next week'

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

AT LEAST 16 of the 20 posts which make up the Japanese Cabinet are expected to change hands next Monday, when Prime Minister, Zenko Suzuki conducts his first major reshuffle since taking power in July last year.

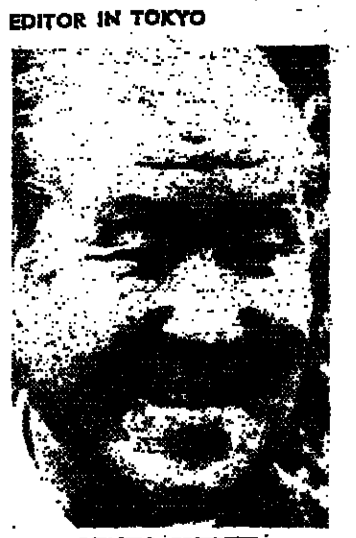
The reshuffle could result in important new approaches to the problem of Japan's steadily growing external trade surplus, as well as in relations between individual ministries, notably the Foreign and International Trade Ministries.

Its main purpose; however, will be to enable the Prime Minister to adjust the cabinet line-up to match shifting power relationships within the ruling Liberal Democratic Party (LDP).

One of Mr Suzuki's problems will be to decide whether or not to grant requests from the powerful Tanaka faction, led by ex-Premier Kakuei Tanaka, for an extra cabinet post in addition to the four it already holds and for the crucially important job of secretary general of the LDP.

The Tanaka faction's demand for more representation within the Cabinet is based on its claim to be the largest of the three factions supporting Mr Suzuki, and the only one of the three to have increased its membership since the last election. The Prime Minister's own faction and that of ex-Premier Takeo Fukuda, which between them make up the rest of the present government's power base, are only slightly smaller than the Tanaka faction and seem certain to resent its claims. At the moment each of the three factions has three Lower House members in the Cabinet and one member from the Upper House.

Pressures from all three of the "mainstream" factions for



ZENKO SUZUKI: first big reshuffle.

a bigger allocation of Cabinet seats have been intensified by the time lag since the formation of the last Suzuki Cabinet, whose 17-month lifespan was well above average for a Japanese Cabinet. Another problem appears to be that the number of LDP members who have been returned to the Diet in five successive elections (the normal minimum qualification for Cabinet office) but who have not yet become Ministers is now at an all time peak.

All 58 members of this group, including 19 in the Tanaka faction alone, regard themselves as in principle entitled to be included on Mr Suzuki's new line-up. They will be disappointed if they—or their close political associates—are not summoned to the Prime Minister's office on Monday.

If Mr Suzuki fails to satisfy the aspirations of the Tanaka faction or alternatively upsets his own supporters by being too generous to it, his chances of being re-elected as party leader when his term of office expires next winter will begin to look less promising than they have been doing recently.

In order to avoid this hazard the Prime Minister will probably attempt a compromise. One possibility would be to award the post of LDP secretary general to Mr Tanaka's right-hand man, Mr Susumu Nikaido, while maintaining the present limit of four on the Tanaka faction's Cabinet membership. Mr Nikaido's candidacy, however, is being strongly opposed by ex-Premier Takeo Fukuda, at least partly because of his role as one of the "grey" officials in the 1976 Lockheed bribery affair.

Apart from satisfying his own supporters Mr Suzuki is also expected to use the Cabinet reshuffle in order to neutralise possible contenders for the party leadership. Two of his most formidable rivals for the premiership, Mr Toshio Komoto and Mr Yasuhiro Nakasone—both faction leaders in their own right—are members of the current Cabinet and will probably be retained in the new one.

Ministers to be replaced on Monday, and whose successors will face the task of deciding how to placate, Japan's irate Western trading partners, are expected to include Mr Sunao Sonoda at Foreign Affairs and Mr Rokusuke Tanaka at the Ministry of International Trade and Industry.

Miti and the Foreign Affairs Ministry have been on bad terms with each other during the past few months, engaging in "quarrels" which have arguably helped to worsen Japan's trade relations with the West. One of Mr Suzuki's aims on Monday will be to appoint people who can work together better than their predecessors at these two ministries.

NEW ZEALAND'S ELECTION

Muldoon sheds political friends in preparation for poll battle

BY DAVID TONGE, RECENTLY IN WELLINGTON

"SHORTLY AFTER I entered parliament, it became clear to me that I had too many friends. What I needed was some enemies." So Mr Robert Muldoon, the Prime Minister of New Zealand, writes in the second paragraph of his third autobiography, My Way. Creating these enemies is something that he has done well.

As he runs for re-election tomorrow, he is at odds not only with most of the Commonwealth after his desultory attempts four months ago to stop the South African rugby tour of his country but also with many New Zealanders.

In his six years in office he has thrived on confrontation. His earthy populism has at times turned government into a running Punch and Judy show, a style which disturbs many of those in the middle ground.

He has temporarily dropped it during the general election campaign, yet inevitably the elections are in part about his personality. But so concerned are New Zealanders about the state of their country that these elections are far more about New Zealand itself.

For decades, this Sleepy Hollow of 3.1m people and 70m sheep has been a social laboratory for the welfare state. Today the spirit of the caring society lives on in people's expectations, but the basis for the New Zealand dream is proving frail.

Collapse

In the past eight years the country has simply stagnated. During that period, the average growth in Gross Domestic Product (GDP) has been less than 1 per cent a year. Inflation has been one-third higher than the Western average. A society accustomed to jobs for all has had to learn to accept unemployment of around 6 per cent.

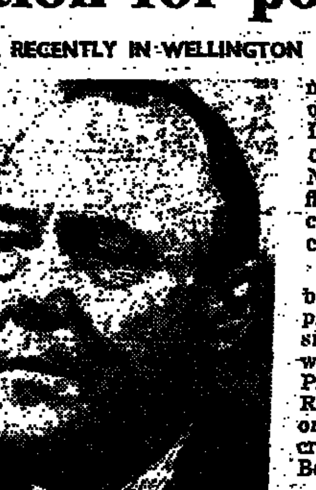
Many have responded to this by moving abroad. In the past six years, emigration totalled around 100,000—a figure as significant to New Zealand as two Birminghams would be to Britain.

Like other countries, New Zealand has had to adapt to oil price increases, but it has also had to deal with a relative collapse in exports to its major trading partner, Britain, and a major shift of the terms of trade against it—although it has dealt with these problems well.

Mr Muldoon has been both product and victim of these changes. He was swept into office in 1975 as the Labour Party struggled vainly against a recession and a soaring trade deficit. He represented a spirit of technocratic efficiency, appealing to those who wanted to see New Zealand fight back.

Mr Muldoon has challenged the unions head on, been strong on anti-Communist rhetoric and had the Press and radio on the defensive with attacks on the "accuracy and arrogance" of the media.

Less noticed is that he has resisted attempts to cut back social welfare programmes. Equally, for all the troubles over the Springbok tour, he has



Robert Muldoon: thrived on confrontation

been relatively sensitive with the Maoris, who make up 10 per cent of the population.

However, perhaps most crucial is that Mr Muldoon has presented himself as the man who could handle New Zealand's economic troubles. Here he has at times shown imagination, for instance dismantling interest rate controls, working for a wider free trade agreement with Australia and trying to develop a new large-scale, energy-based manufacturing industry.

But in areas like dismantling the country's high level of protectionism, tackling the budget deficit and—much needed—tax reform he has moved slowly, if at all. Overall, he has been unable to deliver on his promises to curb inflation and revive the country's fortunes.

This failure contributed to an abortive party revolt against him last year and also explains much of the malaise in the country.

New Zealand's crucial farming sector should be optimistic as it has had two good years followed by a reasonable one. But the Government's failure to tackle inflation cause leading farmers to say: "We continue to live in a fool's paradise."

At the same time, manufacturers argue they are "constantly looking over their shoulders to see what might next be sneaking up behind them," as Mr Laurie Stevens, president of the New Zealand Manufacturers' Federation, says.

His particular concerns are with the Government's attempts to unwrap the protective wool around New Zealand manufacturing and threats to export incentives following the country's recently accepted obligations under the General Agreement on Tariffs and Trade.

Further, there is concern that what growth there is in the economy — GDP is now thought to be rising at 2.5 per cent — reflects overheating. Manufacturers argue today's buoyant trading conditions are largely the result of high government expenditure and a relaxation of monetary restraints.

Treasury officials glumly produce charts to show how each election year, governments try to spend themselves out of trouble at the polls. Mr Len Bayliss, the influential chief economist of the Bank of New Zealand, predicts that inflation could soon rise from the current 15 per cent to 20 per cent.

New Zealanders have a choice between three different approaches to these problems. Put simply, they can "think big" with Mr Muldoon's National Party, think small with Mr Bill Rowling of the Labour Party, or back the "dreams," as their critics say, of Mr Bruce Beetham of the Social Credit.

Mr Muldoon calls for a radical shift in the country's growth strategy. He argues that New Zealand must add a new energy-based sector of large-scale projects to its existing small industry and agricultural activities. Projects involved include expanding the country's largest refinery; gas-to-oil methanol and ammonia plants based on local natural gas; a second aluminium smelter; a third pot line for Comalco's aluminium smelter; and expansion of steel plants.

Mr Muldoon argues that increasing exports of farm products and of manufactures, in particular from the new plants, could produce 400,000 jobs in the next decade. But he has run into various problems.

Some of the companies involved are sitting on their hands until they see the results of the elections, while Alusuisse, as part of a general review of its operations, has pulled out of the new aluminium smelter.

The New Zealand Treasury has cast doubts on some of the projects. Their scale is such that in most cases public funds are involved and last week saw the leak of a Treasury report made in August questioning the rates of return involved.

Fewer jobs

There is also the problem of what scale of foreign borrowing the country can afford. In the year to June 1981, servicing official debt alone cost the country about NZ$900m (£391m), around 15 per cent of export earnings.

The main opposition, the Labour Party, has played on such points and on the many New Zealanders' suspicion of any radical break with their traditionally small-scale approach.

It has also argued that Mr Muldoon's "Think Big" programme will create dramatically fewer jobs than Labour's own approach emphasising agriculture and small-scale industry.

For its part, Labour promises economic policies geared to restore the health of small and medium enterprises, job creation, tougher commercial law, a prices and incomes policy, basic food subsidies and greater social welfare.

Labour's chances cannot be ruled out, although changes in New Zealand society militate against it. The country introduced closed shop unionism in the 1930s and is increasingly quizzical of the unions today.

S. African mercenaries in abortive Seychelles coup

J. D. F. JONES IN JOHANNESBURG AND DAVID TONGE IN LONDON

ROUP of 44 mercenaries arrested in Durban yester- fter taking part in a failed against the non-aligned nment of President Albert of the Seychelles.

e 44 had hijacked an India flight after being ed in at the international rt on Mahe island. Most of nercenaries are said to be er South African soldiers, t deeply embarrassing to South African government h has in the past been ed by African countries Britain of destabilising its bours.

me of the mercenaries had rated the remote Indian n islands as tourists, but flew in at 6.30 local time Vednesday evening, accord- to the Seychelles People's nce Forces. They were on seater Royal Swazi Airlines which they had boarded rugby party in Manzini.

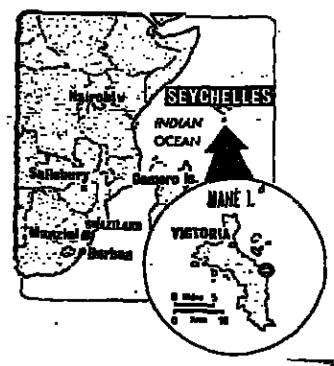
ghting rapidly broke out ne airport when Customs ers discovered arms, but pm local time the soldiers the 1,000-strong SPDF encircled the airport. The kers briefly took over the ol tower.

Gilbert Confait, editor of government-owned Nation paper, said in a telephone view that some people killed: "Among the dead be some hostages." One and two wounded hijackers among those who landed Durban yesterday morning, rding to South African rity officials.

number of the mercenaries reported still at large in mountain forests on Mahe night, and a round-the-clock ew still covered the island's 0 population.

anders reported seeing a of smoke over the palm- ged airport yesterday morn- but people in the nearby tal, Victoria, said by tele- ne they had heard no firing seen no soldiers. The gov- nent radio maintained all under control.

r Hendrik Schoeman, the th African Transport ister, said the mercenaries ld be tried under the ntry's tough anti-hijack laws, ch carry a minimum of five a maximum of 30 years'



However, the government may face problems abroad because most of the hijackers appear to be not only South African, but former members of the elite Military Reconnaissance Commando Unit. This group is thought to have led South African raids into Mozambique and Angola this year.

In Johannesburg, the Star newspaper quoted an unnamed South African source as saying the mercenaries had been recruited in Johannesburg with money from the U.S. A former mercenary leader in the Congo is said to have offered the men around $1,000 to sign on and $10,000 if the coup were successful.

This is the third reported coup against President Rene. In November 1979 he announced that he had foiled a plot in which a group of "foreign businessmen" had planned to overthrow the government in order to turn the Seychelles into a "casino and an arms distribution centre for the Indian Ocean."

He claimed that 200 mercenaries had been assembled in Durban who were to fly in and take over the islands after he and other ministers had been assassinated.

In contrast to his predecessor, Mr James Mancham, whom he overthrew in 1977, President Rene has developed a socialist one-party state and taken a prominent role in calling for a demilitarised Indian Ocean.

He has had support from Tanzania, which has maintained troops on the islands ever since the reported coup in 1979.

The Tanzanian force is said to have been recently reduced to about 100 men, who officer the small local army. However, President Rene maintains a degree of Seychellois pragmatism. It is one of the few "African" states where South Africans are welcome as tourists. There is also an U.S. satellite tracking station near Victoria.

Though no evidence has been produced linking South Africa with the coup, in the past South Africans have played a murky role in the politics of the Seychelles. In the mid-1970s, Mr Mancham was on friendly terms with the leading actors in South Africa's "Muldergate" Information Department scandal which was to rock the Republic and disgrace the premier, Mr John Vorster.

The Information Secretary, Dr Eschel Rhoodie used to visit Mr Mancham to woo his co-operation in combating South Africa's diplomatic isolation. There was talk of South African Airways using the Seychelles as a stopover to Europe, for instance, and it was widely alleged that Seychellois passports were used by South African officials to assist their international travels.

Mr Mancham, now lives in exile in London. He said yesterday that he had been approached before the attempted coup in the Seychelles and asked if he was prepared to support the rebel movement. He said he had received an anonymous telephone call from a man "speaking in the language of the Seychelles" on Wednesday night. "The caller said, 'the movement is on the march'" Mr Mancham said.

"He said, 'I would like to know from you as to whether in the light of your position as former President, would you be prepared to provide the movement with support from your London base. You shall hear from us again later.'"

Asked if he would be prepared to resume power in the Seychelles, Mr Mancham said: "I have never been interested in power for the sake of power. But, having been the Chief Minister, the Prime Minister and the President of these islands for a long time, I believe I have a duty to the people to try to restore happiness, friendliness and unity among these disunited people."

Richard Johns, Middle East Editor in Fez, assesses the collapse of the Arab summit

Disarray expected to benefit Israelis

PAST ARAB summits have been acrimonious and divisive affairs, but never has there been such a debacle as the meeting which began in Fez on Wednesday afternoon and was abandoned less than five hours later.

The absence of many leaders, particularly Mr Hafez Assad of Syria and President Saddam Hussein of Iraq had anyway diminished the stature of the gathering as the host, King Hassan of Morocco angrily complained at the one closed session held. The break-up was unprecedented. Even forgetting Egypt, the most important member of this quarrelsome family of states, still ostracised by its adherence to the Camp David accords, the Arab world is in a sad disarray.

Saudi Arabia's failure to obtain a consensus in Fez for adoption by the summit of the eight principles put forward by Crown Prince Fahd for a settlement of the Middle East conflict and a solution of the Palestinian problem, represents a defeat for "moderation." By any objective analysis Israel alone will benefit.

The seventh principle, which provides for all states in the region to live in peace, proved too difficult for the Palestine Liberation Organisation and other members of the "Steadfastness Front"—Syria, Algeria, Libya and South Yemen — to stomach, even though it is embraced in UN Resolution 242.

They conferred in Yemen on November 19 without apparently reaching a unified position. Libya's total rejection of any negotiated settlement was known. Mr Yasser Arafat, chairman of the PLO, had uncharacteristically come out publicly in favour of Crown Prince Fahd's peace plan. The other members of the alignment, though critical of it, had reserved their judgment.

At the meeting of Foreign Ministers, in the days before the summit, Prince Saud Al Feisal gave the impression that he was confident that the simple package of principles bearing his uncle's name would be adopted, albeit with modifications and possible conditions relating to the seventh. Clearly, he had good reasons for his attitude, not least the word of Mr Arafat and perhaps a somewhat naive faith that financial blandishments and diplomatic persuasion had brought Syria reluctantly round.

Subsequently, he may have been surprised by the hostility of the opposition, not only from Mr Farouk Khaddoumi, head of the PLO's political department, and representatives of other members of the Steadfastness Front but also Mr Soadoun Hamadi, the Iraqi Foreign Minister.

However, though his beaming face betrayed nothing, Crown Prince Fahd was probably under no illusions on his arrival in Morocco earlier this week, following exchanges in Riyadh with Mr Arafat and Mr Rifaat Assad, the Syrian President's brother.

Bascially, the summit foundered on the insistence of hardliners that the Arabs in general, and the Palestinians specifically, should not be making concessions in advance of some shift in U.S. policy and drastic change in Israel's.

Another objection related to the fact that the eight principles were aired as a unilateral initiative by an Arab power not directly involved in the conflict with Israel.

Mr Arafat's image and his positon within the mainstream of the PLO, under secret attack from Syria which dominates it, can only have been damaged by the Fez affair. In giving cautious approval to Crown Prince Fahd's peace plan as early as September, he appears to have spoken without fully consulting his colleagues. For a man whose command of the PLO has derived largely from his respect of consensus, that could be a serious lapse.

Possibly, it could only be explained in terms of the growing friction in the PLO's relations with Syria and its desire to cultivate more intensely Saudi Arabia, the main donor of funds to the movement, as a counterweight.

Mr Arafat is more aware than anyone that Damascus is now the patron of the Palestinian terrorist, Abu Nidal, who is bent on the extermination of moderate leaders of the PLO who are prepared to contemplate an accommodation with Israel. The experience of this summit must have been a disturbing one for him, but it is too early to say what it implies for his status in the movement.

Failure to get endorsement for the eight principles must be seen as a heavy blow to Saudi Arabia. It had staked much prestige, as well as money and diplomatic effort to win approval.

Lavish aid to Syria—begun six months ago as part of Saudi mediation aimed at defusing the crisis over the emplacement of Syrian missiles in the Bekaa Valley of Lebanon is said to have amounted to as much as $800m.

Traditionally, the hallmark of Saudi policy outside the Organisation of Petroleum Exporting Countries (Opec) has been caution. They have been consensus leaders rather than leaders. Crown Prince Fadh's original declaration of the peace principles early in August, and the subsequent campaign to obtain a pan-Arab consensus in support of them, was a radically new departure.

The Kingdom desperately wanted to rally the Arab world behind a programme offering an alternative to confrontation with the U.S. It wanted, at all cost, to preempt radical pressures of the kind that surfaced at the meeting of the steadfastness Front two months ago in Benghazi where there were calls for closer co-operation with the Soviet Union and measures against U.S. interests in the Middle East. The Saudis are alarmed at polarisation in the region and demands that it should use its oil and financial resources in an attempt to influence the U.S.

It will be a matter of weeks, possibly months, before the Saudi ruling hierarchy fully appraises the set-back to Crown Prince Fadh's plan. Almost inevitably, however, the result will be that it will revert to a lower profile and its former diffidence about using its potential for helping to bring about a comprehensive settlement of the Arab-Israeli dispute.

For the time being at least, the rudimentary Saudi package has been shelved. The hopes of the European Community that the eight principles might provide the basis of an alternative approach to the Camp David accords must be badly deflated.

Shamir visits U.S.—Page 4

Israel orders closure of pro-PLO Arabic paper

BY DAVID LENNON IN TEL AVIV

ISRAEL yesterday ordered the closure of an Arabic newspaper published in East Jerusalem for one month in the latest measure in a broad-ranging crackdown on Press freedom in the occupied territories.

The closure notice cited al-Fajr, which publishes a daily in Arabic and an English language weekly paper, for incitement following the assassination last week of a local politician widely thought by the Palestinians to have collaborated with the Israeli authorities.

Mr Hanna Siniora, the editor, denied that his paper was inciting the Palestinians. "This is a harsh reaction to our commitment to the Palestinian people and its policy against the civil administration and autonomy."

Al-Fajr has been shut down repeatedly for varying periods by the Israeli authorities, who are irritated by its openly nationalistic and pro-PLO stance. It only reopened a week ago following a ten-day closure.

Three daily Arabic papers are published in East Jerusalem as well as a number of weekly and monthly papers and magazines. While the Israeli authorities have been very liberal in permitting so many publications in the occupied territories, it has at the same time imposed very strict censorship over their contents.

This censorship is much stricter than that applied to the Israeli press or the dispatches of foreign correspondents working in Israel. Frequently the Arabic papers have been refused permission to reprint translations of articles which have appeared in the Israeli Press or which has been carried by the international news agencies.

China visa office opens for business in Hong Kong

BY KEVIN RAFFERTY IN HONG KONG

CHINA'S NATIONAL emblem was officially displayed in Hong Kong yesterday when, in a significant diplomatic development, the country's visa office opened for business. The Chinese national flag also flew from the roof of the building.

The visa office is staffed by members of the Chinese Foreign Ministry and styled "The Visa Office of the Ministry of Foreign Affairs of the People's Republic of China in Hong Kong." It is the first official presence of China in Hong Kong.

Hitherto China has only had an unofficial presence, through Xinhua, the New China News agency, whose office houses the visa section, and through the Bank of China and other commercial organisations. Visas were processed through the China travel service.

Previously fears had been expressed that, if China opened an official office in Hong Kong, it would be besieged with callers who would see it as an alternative government.

● Mr Amos Dawe, the financier and head of Mosbert Holdings, was yesterday acquitted in Hong Kong of fraud charges involving millions of dollars. He had tried to fight his extradition from the U.S., and had alleged that if sent to Hong Kong he would be a target for KGB agents afraid of his revelations about Soviet penetration of Western banking systems.

Reuter reports from Peking: China yesterday formally announced that it was putting off a scheduled revision of its constitution. Diplomats said the move might reflect disagreement on the vexed question of who should become head of State.

Mustapha Harun

SETTLEMENT was announced in the High Court yesterday of an action brought by the former Malaysian Chief Minister, the Rt Hon Tun Datu Haji Mustapha Bin Datu Harun against the Financial Times.

Charles Gray for the Plaintiff told the Court that on April 28, 1981, an FT survey on Malaysia erroneously stated that the Plaintiff, who was Chief Minister of Sabah from 1967 to 1975, had been jailed for corruption. He had in fact never been jailed for corruption or any other offence. The article also reported criticism of the awarding of timber licences in the state during the Plaintiff's term of office, but any suggestion of financial benefit or impropriety in this connection would be totally false. The Defendant had agreed to pay substantial damages and costs.

Miss A. M. Page for the paper confirmed what Mr Gray had said and offered sincere apologies for the error which arose during the processing of the article in London.

AMERICAN NEWS

Britain revives interest in Brazil

By Our Rio de Janeiro Correspondent

WHEN Sr Ramiro Saraiva Guerreiro, the Brazilian Foreign Minister, arrives in London today, he will be the fourth top-ranking Brazilian minister to visit Britain this year.

The compliment has been returned only by Mr Peter Walker, the Agriculture Minister, on a truncated trip which was largely exploratory, although the possibility of Mr John Biffen, the Trade Secretary, visiting Brazil early next year is under discussion.

The explanation for this unprecedented attention from Brazil cannot be sought simply from trade statistics—British exports to Brazil have fallen since their 1979 peak by nearly 40 per cent in real terms.

The statistics conceal the revived interest Britain is showing in this major market to recover ground lost steadily since the First World War.

Lord Carrington's own visit last year—the first by any British foreign secretary—may have been off-cut, but the $1.4bn (£735m) package signed in London last month was handsome reward for much patient work behind the scenes.

Officials expect nearly all the contracts to come to fruition by the end of next year, if not by the late April deadline envisaged in the government agreements.

Sr Guerreiro, however, smilingly demurs any suggestion that he may be signing up any "jumbo agreements" during his two days of official talks next week.

However, there is a good chance that a memorandum of understanding on nuclear co-operation, involving such matters as safety, waste disposal and quality control, may be signed between the two governments.

At a meeting with Mr Biffen, the Brazilian Foreign Minister says he will raise the theme of the need to break down trade barriers, particularly where Brazilian shoes and textiles are concerned.

Timid Brasilia learns to flex its muscles

BY ANDREW WHITLEY, RECENTLY IN BRASILIA

BRAZIL, EMERGING from the introspection which has characterised its foreign policy since it won independence from Portugal in the early 18th century, is still hesitating over accepting the international role its geographic dimensions and economic weight would seem to dictate.

The recent North-South Summit in Cancun, Mexico, provided an example of these internal divergences in its diplomacy. Brazil had been a forceful advocate of more equitable trading and financial relationships for the developing world in the run-up to the conference, yet it waited to be invited to the conference table rather than use its influence to claim one of the region's four allocated seats. In the end, for domestic reasons, it only sent a lower level delegation headed by the Foreign Minister rather than the head of state.

Although the outcome of the Cancum Summit was deeply disappointing for Brazil, there was little public debate in its aftermath. A similar apathy on the part of all except the professionals at the foreign ministry surrounds the fate of the abortive Law of the Sea Conference in which Brazil had had a strong vested interest.

For all the polish of its diplomats, the Foreign Ministry is still regarded as irrelevant by most Brazilians. To make matters worse, as a mounting foreign debt has become an ever more pressing concern for the Government, it has been the economic ministries, with the Planning Ministry in the lead, which have hogged the limelight abroad.

Prof Antonio Delfim Neto, the Planning Minister, has been travelling abroad almost constantly in recent months, officiating at contract signing ceremonies and spreading confidence in Brazil's future among sceptical foreign bankers.

Just back from a five-nation Grand Tour of Western Europe, he sets off next week on a 16-day trip to Japan, West Germany and the U.S.

In effect it is the Planning Ministry which now dictates most of the broad lines of foreign policy, adding to its control of domestic economic policy. The crucial decision to reduce dependence on Middle East oil supplies, for example, has led to revived links with Venezuela and contributed, indirectly, to a more general re-orientation towards Brazil's South American neighbours.

However, it is here that the Foreign Ministry comes into its own. Good neighbourliness as a policy has almost taken over from Brazil's traditionally negative stance of avoiding giving cause for offence or leaving the impression of hegemony. Old instincts nevertheless die hard and when forced to choose sides, Brazil will stop opt for compromise.

When, in September, nine Latin American countries signed a protest document against the French-Mexican initiative on El Salvador, Brazil wavered for a moment but finally chose to stay out.

Two deep policy currents swung the decision away from signing. One was Brazil's long standing refusal to join power blocs, whether political or strategic. The second was the goal of distancing Brazil from the U.S. — it was clear that the impromptu alliance of the nine would be welcomed in Washington.

On the other hand, no Brazilian Government with the conservative, anti-Left-wing instincts of the present one could be seen to be supporting an initiative which would have granted legitimacy to a Cuban-backed guerrilla force.

The Brazilian position on El Salvador is that a solution can only be reached through a domestic political process. "We hope it will be democratic and pluralistic," says Sr Ramiro Saraiva Guerreiro, the Foreign Minister. But in case this might be interpreted as support for the Duarte Government, he hastens to add: "How to do it is a problem for the Salvadoreans. We cannot act as professors."

In principle, Brazil welcomed the arrival of the Reagan Administration, relieved at the prospect of no more fights over human rights and nuclear proliferation. Yet, as a senior Foreign Ministry official said privately, there was no rush to embrace the new team. On the contrary, Brasilia waited to be courted on its own ground.

On one point, however, Brazil has discreetly put its foot down. It wants nothing to do with the South Atlantic security pact bruited between Washington and Pretoria. Moreover, its opposition to the concept may well have killed the idea totally.

"Our interest and security is based on having the developing countries of Africa as friends—so that they trust us, our intentions and actions," says Sr Guerreiro. Angola, a fellow Portuguese-speaking country, is very much a case in point.

But the Brazilian attitude is also guided by its burgeoning trade and common racial links with Black Africa, carefully cultivating the basis for a new, developing world alignment. Officially, the Foreign Ministry would, of course, deny any such thought. For their part, some West African nations have their doubts about a country which maintains diplomatic and important commercal links with South Africa.

Brazil is a good multilateralist. It suits its approach to an outside world with which it has no single quarrel at present, only a generalised complaint about trade protectionism in the industrialised markets.

Thus, when Sr Guerreiro is questioned over tariff concessions Brazil might make in return for the lowering of specific barriers in the West, he is quick to point out the active part his country took in the General Agreement on Tariffs and Trade.

And yet — gradually and cautiously—Brazil is changing its approach to foreign affairs. Its growing importance as an arms supplier (among the top five in the non-Communist world) is forcing the pace of change. So too is Brazil's all-out export drive, its chosen way out of the debt-induced economic crisis.

Now that Brazil is more confident about exercising its muscles, it is even venturing into one of the most complicated diplomatic tangles of all: The claims and counterclaims surrounding rights to the Antarctic. The Brazilian Press has raised the issue of why it too should not have a slice of the action and the Government is talking about buying Britain's Antarctic vessel, HMS Endurance, to back up its own presence on the iceflows.

Glyn Genin

Antonio Delfim Neto, the Brazilian Planning Minister: sets off last week on a 16-day trip to Japan, West Germany and the U.S.

Figueiredo changes rules of power game

By Andrew Whitley in Rio de Janeiro

BRAZIL'S military-led regime has announced drastic changes in the regulations governing next year's important national elections in an attempt to ensure the continuing dominance of the Government party, the PDS.

In future, all parties will be required to nominate candidates for every post being contested, from local prefect to state governor and federal senator, while the elector will have to cast his vote for a party slate rather than for the individual of his choice.

The explicit aim is to prevent tactical local opposition alliances overcoming the well-established PDS machine. Equally, the change will work to the disadvantage of small but growing parties like the left-wing Partido dos Trabalhadores, which does not have the resources to put up candidates for all the minor positions it would not have considered contesting.

The surprise decision—apparently taken at very short notice by President Joao Figueiredo and his closest advisers—represents a considerable setback to the spirit of "Abertura," the political opening-up designed to restore Brazil to full democracy.

However, faced with a grave crisis of morale within the PDS and a growing feeling within the regime that the opposition parties might emerge from the November, 1982, elections in a position two years later, to decide the choice of Brazil's next president. General Figueredo has clearly decided to act now rather than later to tighten the controls on political activity.

In an official announcement on Wednesday afternoon, the President said there will be no further negotiations with the opposition parties over electoral reforms. Talks with Mr Ibrahim Abi-Ackel, the Justice Minister, have been deadlocked for weeks.

Moreover, the President made clear that if the change to slate voting is not approved by Congress within 90 days of its formal presentation, he will use his powers to decree its implementation.

Yesterday the five main opposition parties led by the Partido de Movimento Democratico Brasilio (PMDB), an aglomoration of politicians of different complexions, were still in a state of shock over the sudden change in the rules of the game. However, one consequence is that they may now be forced to band together to fight the elections on a common platform.

Previous attempts to unite the opposition who range from the centrist Partido Popular to the left wing PT, have always broken down, usually because of local rivalries.

Shamir's Washing[ton] visit a test for relations with U.S.

BY DAVID LENNON IN TEL AVIV

THE already strained relations between the U.S. and Israel will be severely tested in the talks due to be held in Washington today over Jerusalem's objections to European participation in the multi-national peacekeeping force for Sinai.

The two countries appear to be on a collision course over European participation with the Premier reiterating yesterday his veto threat. The issue is the latest of a series of clashes between the Begin Government and the Reagan administration in the past six months.

In an unprecedented move to dissuade Israel from vetoing the European role, Mr Alexander Haig, the Secretary of State, urgently summoned Mr Yitzhak Shamir, the Foreign Minister, to the U.S. capital.

The U.S. is keen to include the Europeans in the multinational force being set up to police the peninsula after the final Israeli withdrawal in April.

However, Mr Menahem Begin, the Prime Minister, said yesterday that he intends to recommend that his Cabinet reject the offer by Britain, France, the Netherlands and Italy to join the force because this has been linked to the EEC's Venice declaration which calls for Palestinian self-determination.

Mr Shamir hinted that there would be little likelihood of an Israeli compromise on the issue when he said after consultations with Mr Begin yesterday that "it is not a question of flexibility. We have our principles."

The Premier yesterday won the support of the Opposition Labour Party fo this stance. Mr Shimon Peres, the Labour leader, said after talks with Mr Begin that European attempts to attach conditions to their participation was unacceptable.

He described this as "an unwise and unnecessary attempt to twist the content of the Camp David accords" on which the Israel-Egypt peace treaty is based.

Washington has already made it clear that it would be very unhappy about an Israeli veto and, despite disclaimers in Jerusalem, it is anticipated that Mr Haig will apply considerable pressure to convince Mr Shamir that his Government should alter its position.

U.S.-Israel relations began deteriorating following Israeli bombing raids in Baghdad and Beirut in the summer and the subsequent suspension of U.S. war aircraft deliveries to Israel. The Congressional battle over the sale of Awacs surveillance aircraft to Saudi Arabia and U.S. support for the Fahd peace proposals led to further erosion of the relationship.

Officials in Jerusalem were at pains yesterday to emphasise that no final decision has been taken on the Sinai force. One senior official in the Prime Minister's office hinted at a possible compromise when he said that the Europeans do not have to declare the Venice declaration dead, but simply refrain from mentioning it in connection with Sinai.

Mr Shamir is expected back in Israel in time for Sunday's Cabinet meeting which is scheduled to rule on the issue of European participation in the multinational force.

Meanwhile, Israeli officials said that the collapse of the Arab summit at Fez shows that Saudi Arabia has not got the influence being ascribed to it in the West, that there is no alternative to the Camp David peace process and, that Egypt has been strengthened by the divisions in the Arab world.

Levesque tries to block constitution deal

By Robert Gibbens in Montreal

MR RENE LEVESQUE, the Premier of Quebec, has made a last-minute move to try to block the passage of the Federal Constitutional package through the Commons.

Mr Levesque passed an order in council through the National Assembly in Quebec City invoking the Provinces' right to veto any constitutional change, as accepted by convention.

Last April, Quebec agreed with eight other provinces to give up the veto power in return for a common front of the 10 provinces on provincial rights. This pact, however, fell down

Constitutional experts doubt whether Quebec can succesfsully establish a full veto in the light of a finding of the Supreme Court of Canada that the constitutional change does not legally require the approval of the provinces, though convention demands it.

Reagan defends economic programme

NEW YORK—President Ronald Reagan yesterday defended his economic recovery programme and the man who criticised it, budget director David Stockman.

In an ABC television interview, the President said that he believed the present recession would be slight and that the economy would rebound next year.

"We have a recession," he said, "but we haven't seen the effects yet of our programme. We haven't seen the result of leaving more money in the people's hands to spur on industry."

Mr Reagan also said he still trusted Mr Stockman, despite the disparaging remarks the budget-director made about the Administration's economic programme.
Reuter

Vorley in group ranted £150m razilian order

AY DAFTER, ENERGY EDITOR

Y ENGINEERING, part Villiam Press group, is an international consor- uch has won a $290m contract for oil and gas nent projects off the Brazil.

group, which also Montreal Engenharia of md Micoperi of Italy. rk on three platforms l by the Brazilians oil company, Petrobras, 0 kilometres from Rio iro.

work—in the Garoupa, and Cherne II fields Campos Basin—will the sea transportation, ion and connection of ng equipment, tests of nt systems and the com- ng of production facili- e contract is due to be ed at the end of 1983.

y Engineering said the nent would enable produce 500,000 barrels day by 1985.

older of a 20 per cent the contract, Worley nvolved in project man- and planning.

ompany has been working in Brazil for four years and was the first foreign contractor to be selected to join a local company to do conceptual and detail design of production facilities for the Campos Basin.

William Press said that it was hoped that part of the Worley participation would be supported by the Export Credits Guarantee Department. A buyer credit is being offered to Petrobras. Worley's part of the contract is thought to be worth some $55m (£28.4m).

It is expected that about 40 Worley personnel will be located in Brazil with most of the back-up planning and associated work being carried out from the company's London office.

● In a further oil and gas development, Hispano-Suiza, a French engineering group, says its industrial turbomachines *division* has won three orders worth a total of FFr 150m (£14.2m). They are from the *Elf-Aquitaine oil company's* Cameroon subsidiary Elf-Serepca, the Bulgarian state organisation Technoimport, and the French state power utility Electricite de France.

ivy on the verge of 31m Bangladesh deal

EVIN RAFFERTY

INTERNATIONAL of is on the verge of ing another large deal- Indian sub-continent, e in Bangladesh. It is ISS250m (£131m) plant ng methanol for the industries and using esh's considerable re- f natural gas.

ding to Mr Jamaluddin, ngladesh Deputy Prime r and Minister of Indus- e negotiations are going d should be completed to three months.

plant is expected to take n two and three years d and its methonal will per cent for export. gs are expected to be a year.

Minister said that the ol plant was part of a larger scheme to boost exports by $1bn a year. He said: "We have to have $1bn more or we will not survive." Other projects include fertiliser plants, a sponge iron plant, and pulp and paper and newsprint mills.

In the past financial year, Bangladesh's exports were only Taka12.5bn whereas imports had soared to more than Taka40.1bn. More than 66 per cent of the exports are accounted for by raw jute and jute goods, prices of which have recently fallen sharply.

Bangladesh has proved gas reserves of more than 1 per cent of total world reserves. Officials say that the amount of gas may be much more, but this will only be revealed as Bangladesh moves to tap the supplies.

Italy in line for £842m Venezuelan contracts

By Rupert Cornwell in Rome

INSTITUTO per la Ricostauwzione Industriale (IRI), the Italian state conglomerate, has signed a framework agreement with its Venezuelan opposite number, the Venezuelan Investment Fund (FIV), under which it expects to clinch contracts worth L2,000bn (£842m) in the next 12 months.

At the same time, Italimpianti, the plant processing subsidiary of the state-owned IRI-Finsider steel concern announced a $52m contract to supply the United Arab Emirates with a desalinisation plant, to be sited in Bahrain. The project to be completed by the end of 1983 will employ the so-called "multi-flash" process, and have a capacity of 1,000 cubic metres of fresh water per hour.

The two contracts which IRI expects to be settled shortly in Venezuela involve a steel rolling mill to be built by Dalmine, a member of the Finsider group, and an integrated project to develop coalfields at Zulia.

The framework agreement was signed this week in Caracas by an IRI team headed by the conglomerates president Sig Pietro Sette and the Italian side is hoping that it might pave the way for other major business for the IRI group, whose exports will reach L8,000bn in 1981.

At stake are major projects in various sectors, including hydroelectric energy, shipbuilding and development of Venezuela's bauxite resources.

Italian officials have also been involved in missions to two other countries, in the hope of boosting trade. Sig Nicola Capria, the Foreign Trade Minister, has been in Iraq for talks which could weigh upon the outcome of efforts by Italian companies competing for orders worth up to $18bn. Among the projects at stake are the development of a vehicle industry in Iraq.

Earlier this week, Dr Carlo Ciampi, governor of the Bank of Italy, returned from a six-day visit to Moscow, aimed, among other things, at strengthening trade ties between Italy and the Soviet Union.

TOKYO USES 'ADMINISTRATIVE GUIDANCE'

Japan moves to slow pork imports

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S MINISTRY of Agriculture has used the classic device of "administrative guidance" to slow imports of pork, following a dramatic surge of imports earlier this year.

The Ministry was said to have "advised" the 16 trading companies which handle imported pork not to clear through the customs about 30 per cent of the shipments which would normally have reached the market in November.

Similar "advice" is expected to be given in December and is certain to be followed by the importers. Things are expected to return to normal in January, but November and December happen to be the months in which demand for imported pork reaches a peak.

Pork imports account for about 10 per cent of Japan's total consumption and are not officially, subject to any restraints—unlike beef which is subject to quota. The lack of any recognised mechanism for controlling imports seems to have forced the Ministry of Agriculture to resort to administrative guidance.

The Ministry's sensitivity to pressures to limit pork imports is put down to the fact that livestock breeding is one of the sectors into which Japanese farmers are being urged to move so as to reduce the nation's rice surplus.

Japan's pork imports during the first ten months of 1981 jumped by 89 per cent, to 139,000 tons, partly because the domestic pig breeders were "voluntarily" limiting production in order to maintain prices and partly because imports in 1980 had been affected by "spontaneous" action on the part of the pork processing industry.

A spokesman for the industry said that it had taken no part whatever in the current move to slow down imports. Responsibility thus seems to rest squarely with the Ministry of Agriculture—or with the trading companies that accepted its "advice."

Suspending the customs clearance of pork shipments which have already arrived in Japan involves importers in additional costs in the form of increased interest payments and storage expenses.

The Ministry of Agriculture was said yesterday to have "promised" that importers would get help in meeting these costs, but some of the companies concerned appeared to doubt whether the government was prepared to pay their storage bills.

Another problem caused by the delay in customs clearance stems from the fact that pork prices are declining. Because of this, importers may find their profit margins squeezed when November and December shipments finally reach the market in January.

Japan's three main sources of imported pork are Denmark—which ecounts for about one third of total shipments and depends on pork for over half its Japanese export earnings—the U.S. and Canada.

A spokesman for one of the three said today that import contracts were still being negotiated "normally" and that the Agriculture Ministry's action would not immediately affect exporters.

Danish pork exporters however have become used to violent swings in the volume of their Japanese business depending on the state of the market and on the administrative whims of the authorities. Denmark's pork shipments fell from 41,000 tons in 1979 to 29,000 tons last year but jumped to 56,000 tons in the first nine months of 1981.

New Zealand considers oil-for-meat payment

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND may take payment in oil for its outstanding NZ$50m (£21.7m) debt for more than 20,000 tonnes of lamb sold to Iran this season but not paid for. Several other shipments ordered have been held up by the New Zealand Meat Board because of the outstanding payments.

A suggestion from Tehran that New Zealand might take payment in oil is being considered.

The suggestion springs from what appears to be cash-flow difficulties at the Iranian central bank, although Iran is said to have several billion dollars worth of gold holdings and $6-8bn in overseas investment.

But it would invite a change of policy for New Zealand. During the oil crisis, suggestions of a barter deal were rejected quickly by New Zealand. Its foreign affairs department was opposed to this because it said this type of deal could become too inflexible.

Foreign affairs officials also believe that bilateral trade deals *could cut across the provisions* of the General Agreement on Tariffs and Trade.

Now, obviously concerned that Iran may not be able to provide payment in foreign exchange government officials, New Zealand meat exporters and the Meat Board are taking a more favourable view of the suggestion.

Mr Adam Begg, meat board chairman, said nothing was finalised, but the oil-for-lamb deal was being considered. The *board is also anxious that the* lamb held up by its ban on further shipments—some of it already loaded on to ships tied up in New Zealand ports—should be despatched.

Mr Robert Muldoon, New Zealand's Prime Minister, said the Government would have no objection to taking payment in oil.

An Iran trade delegation is due in New Zealand early next month to discuss two-way trade.

ICC president in plea to developed nations

BY FRANK GRAY IN MANILA

THE WORLD'S developed nations were urged yesterday to step up their efforts to put their own economic houses in order, and keep their markets open to developing country exports.

At the same time, however, it was recognised that they could do so only if the developing nations operate their economies in a manner enabling them to reap the gains.

Mr Mohammed Aly Rangoonwala, outgoing president of the International Chamber of Commerce, told the annual congress in Manila that economic problems facing many countries were more structural than cyclical. They would be solved only by policies which would encourage structural reform.

To carry this through, Governments would have to retreat from excessive intervention in economic activity and espouse free market principles. A reduction of high public expenditure and punitive tax levels and a rationalisation of costly welfare programmes were ways to get this under way, he told the congress's closing session.

"Business will have to summon all its ingenuity resourcefulness and creativity to carry it through a painful transitional period which, during the present decade, promises an economic and social transformation of revolutionary proportions," he said.

Despite the world recession, he expressed optimism in the possibilities of growth and diversification.

This was particularly notable in the five nation grouping of the Association of South-east Asian Nations Asean—comprising Indonesia, Singapore, the Philippines, Thailand and Malaysia.

He said that the Asean group was facing difficulties in improving regional co-operation. But the region was pledged to support the private enterprise systems, he said, as well as high levels of domestic investment.

It was hoped that more joint ventures and other forms of *economic co-operation would* boost interdependence and bring about an end to the so-called north-south economic blocs, the ICC officials added.

Japan still dominates ship order books

By Andrew Fisher, Shipping Correspondent

Japanese companies continued to dominate the world shipbuilding order book in the first nine months of this year, according to figures released as pressure on Japan to exercise more market restraint was being renewed at an international meeting in Paris.

Japan accounted for more than *half of the completed orders* in the first three quarters of 1981, with South Korea some way behind at less than 6 per cent, figures from Lloyd's Register of Shipping showed.

The steady preponderance of new orders going to Japanese companies has come under renewed scrutiny at meetings this week of the Organisation for Economic Co-operation and Development (OECD) working party on the industry.

The country cut its capacity and workforce sharply when the *industry went into recession* in the 1970s, but has been well to the fore in winning new orders as business has begun to pick up slowly.

The world order book slipped a little in the third quarter from 37.5m gross registered tons at the half-year mark to 36.4m grt, according to Lloyd's.

The Japanese order total eased by 1.3m grt to 13.4m grt, with South Korea's share up by 281,000 grt to just under 3m grt. Spain was third with 2.3m grt.

Of the 12.05m grt completion total up to end-September, Japan accounted for 6.5m grt and South Korea for 709,000 grt, well ahead of Spain, Brazil and West Germany.

The OECD has been considering whether to involve South Korea, not an OECD member, in its shipbuilding talks. So far nothing has come of this, but the idea is being discussed again this week.

Also on the agenda are shipbuilding export credits and the possibility of raising them from the present minimum level of 8 per cent. OECD rates for other exports are at least 2.25 percentage points higher than this.

National monument charges to rise

BY JAMES McDONALD

THE Department of the Environment is to introduce higher admission charges next year at 39 of the 138 English historic monuments in its care. At most of them the adult rate will be raised by 10p, although at the Tower of London there will be a 50p increase for adult admission during all but the winter months.

At 30 locations the 10p increase will result in charges ranging between 40p and 60p. At Audley End House and Osborne House the adult rate will be £1.80, an increase of 30p. At all monuments the admission price for children and pensioners will remain at half the adult rate.

The Tower of London will operate a three-tier system next year. The winter rate will remain at £2 but in the spring and autumn the 50p rise will bring the rate to £2.50 and in the summer months £3, plus 60p admission to the Jewel House.

GKN Sankey to axe 341 jobs

ANOTHER 341 jobs are to go at the GKN Sankey factory in Telford New Town, Shropshire.

The redundancies, which affect 280 shopfloor workers and 61 staff, follow the 1,000 jobs shed earlier this year. The workforce at the factory has been almost halved in recent years to under 3,000.

The engineering company—part of the Guest Keen and Nettlefolds group—blames poor 1982 prospects for the decision.

● CPC, one of Britain's largest maize milling companies, is to cut its 1,000-strong workforce at Trafford Park, Manchester by 20 per cent. The company said it hoped many of the 200 redundancies would be through natural wastage.

● The South of Scotland Electricity Board is to close the power station at Barony, Ayrshire, in spring 1983 because local supplies of colliery waste which it uses for fuel are nearly exhausted. The power station employs 170 people but the board said it was impossible, at this stage, to say how many would lose their jobs.

Laker expects £15m profits

SIR FREDDIE LAKER, chairman of Laker Airways, says the company should make a profit of about £15m in 1982.

Sir Freddie, who is currently negotiating with his bankers for a rescheduling of loan interest on his aircraft purchases, said he believed the airlines generally were "turning the corner."

● Western Airlines of the U.S., which has been flying between Gatwick and Denver since April, will cease those operations from January 1 because of "continuing losses."

£2m computer for Thomson Holidays

BRITAIN'S biggest tour operator, Thomson Holidays, is spending £2m on a computer reservation system for High Street travel agents. The system uses Prestel to link agents to Thomson Holidays.

After a trial run Thomson has decided to go national with its bookings scheme which will enable agents to make reservations direct with the Thomson computer without having to use the telephone.

Shareholders seek inquiry

AN INQUIRY into the affairs of Manx and Overseas Investment Ltd is being sought by a group of shareholders.

The group, headed by retired accountant Mr Frank Crinele, is presenting a petition to appoint inspectors under a Manx act which allows shareholders holding more than 10 per cent of the capital to seek an inquiry.

Oil rig on way to Firth of Forth

THE OIL production rig Transworld 58 which drifted for 36-hours in the North Sea before a tow line was secured was yesterday being moved to the Firth of Forth.

The rig, the production platform on the Argyll Field 200-miles south-east of Aberdeen, is expected to arrive in the Firth on Monday.

National Bus to protect services

THE National Bus Company will not sit back and watch private competition take business from it, Mr Robert Brook, the chief executive, said yesterday.

NBC would protect its good services even if this meant it could no longer support all its unremunerative routes, he said.

Contempt case

The Attorney General was yesterday given leave in the High Court to bring contempt of court proceedings against the News of the World. The newspaper published an article alleged to have tended to prejudice the retrial of a woman charged with poisoning her ex-boyfriend.

Shrinking net inflows hit private pension funds

BY CHRISTINE MOIR

PRIVATE SECTOR pension funds are feeling the pinch of the recession in shrinking net inflows, but they remain wedded to overseas investments.

Quarterly figures published yesterday in British Business, the official journal of the Department of Trade, reveal that total net investment by the funds in the second quarter was £50m lower than in the first. It has probably been shrinking since the third quarter of last year when the total peaked at £980m.

Net investment in overseas securities remains exceptionally high at 28 per cent of the total. This is a significant rise from the 18 per cent invested overseas last year by the pension funds and the 12 per cent by insurance companies.

The actual sum invested abroad fell £35m below the peak £277m disclosed in the first quarter, but it increased as a proportion of total investment in company securities.

In the first quarter, overseas securities attracted 27 per cent more than UK securities. By the second quarter, that had risen to 54 per cent more.

The figures for net new investment cannot simply be added to the holdings of assets at the end of last year. But it is clear that the proportion of overseas assets in pension fund portfolios at the end of this year will be significantly higher than the 8 per cent estimated by the Department of Trade for 1980.

The key movements in investment patterns in the second quarter all devolve from the shrinking total inflow. As a result, cash and near-cash assets have been reduced by £50m. The funds have, in fact, been raiding their cash for the past year. Since the second quarter of 1980, total cash holdings have fallen by £493m.

Property has not been absorbing as much of pension fund assets as it used to. In the second quarter, UK property accounted for £87m of net investment, about the same as the previous quarter but £10m lower than a year ago.

Property unit trusts proved even less attractive, although rather more so than a year ago. Then they attracted only £1m net in each of the first two quarters. This year, the figures are £11m and £8m.

Cash boost for computer company

BY JASON CRISP

CAP, a leading computer services company which has had serious financial difficulties, has undergone a major capital reconstruction with an injection of £2.1m from its major shareholders, the National Enterprise Board and Charterhouse Capital Development.

CAP, which employs 800, is one of the major suppliers of computer systems to the financial community, particularly banks and insurance companies. It also supplies large manufacturing plant control systems and equipment for defence.

The National Enterprise Board, which owns 29.5 per cent of CAP, said the company had been refinanced because of its growth prospects.

CAP made losses of £1.4m on sales of £13.1m last year, after making a profit of £1.02m on sales of £9.1m as recently as 1978.

The company is no longer involved in its major loss making areas, mainly a computer language used on microcomputers and software packages from the U.S. which can be used on IBM computers.

Mr Mike Smith, managing director of CAP, said yesterday he expected the group would increase turnover by at least 20 per cent a year, and that profits for the current year would be £500,000.

The directors hope to float the company in 1986. The NEB is providing two-thirds of the £2.1m new capital, which is in the form of redeemable preference shares. The shares, which must be converted to ordinary shares by 1987, would give the NEB 40 per cent of CAP and Charterhouse 20 per cent.

Docks board loses case over lockout

By Raymond Hughes, Law Courts Correspondent

THE British Transport Docks Board "got a fair crack of the whip" when it was held to have broken the 1967 dock workers employment scheme, a High Court judge said yesterday.

Mr Justice Forbes dismissed the board's claim for an order quashing the decision of the National Dock Labour Board that the Docks Board was in breach of the scheme.

The issue arose from industrial unrest at Southampton earlier this year, when the port was disrupted by lightning strikes.

The Docks Board, which employs about 1,600 of the 1,650 dockers at the port, told its workers that if they were not prepared to "work normally" they would get no work at all.

The local board, on which the British Transport Docks Board was represented, referred the matter to the National Dock Labour Board. That board held that the Docks Board had broken the scheme but decided to take no further action.

The decision was "leaked" to the TGWU, with the result that, as a condition of getting a resumption of work, the Docks Board had to pay £678,000 in back wages to the locked-out dockers.

Move to win U.S. securities business

BY CHRISTINE MOIR

BISGOOD BISHOP, one of the five largest jobbing firms, is making a determined effort to capture UK business in U.S. securities and options which is at present by-passing the London market and going direct to American brokers.

The firm has reached an agreement with U.S. market makers which it believes enables it to offer British investors keener prices than they can get when their UK broker deals with a U.S. broker, and the client must pay both commissions.

So far brokers have been able to persuade clients that operating through the London market only means introducing another middleman into the deal, but Bisgood hopes to give the lie to this by the terms on which it is prepared to deal.

The amount of business which is at stake cannot be quantified but what is clear is that the acceleration of investment in the U.S. in the past 18 months has certainly not been matched by a corresponding growth in business conducted by the London jobbers. Bisgood wants to alter this.

Mr Roy Forrester, Bisgood's partner in foreign securities, has written to members of the London market offering to make prices in U.S. securities based on New York Stock Exchange "bid and asked" quotations while the U.S. market is open, plus "a turn of 10 cents per share" for small deals and "a smaller negotiated turn" for larger deals. When the U.S. markets are closed the firm will make prices at what it believes will be competitive terms.

Bisgood believes that its stated "turn" will undercut the commissions normally paid by UK brokers to their U.S. counterparts. It also believes that the system has other advantages. Because the transaction is carried out by the jobber, denominated in either dollars or pounds as the broker prefers, Bisgood claims that the broker avoids "all currency risks" and the risks involved in transferring securities between the U.S. and the UK.

It also enables him to deal either for New York settlement periods of five days, or to use the London 14-day account period—although this will be more expensive.

Bisgood has also won permission from the Stock Exchange to carry out business for UK brokers and their clients in the Chicago and New York traded options markets. At the moment the firm is prepared only to buy and sell options and not to write them. It will charge brokers on a cost plus basis, "adding on a small turn to cover our costs."

Prices firm for Christie's claret

SALEROOM

By EDMUND PENNING-ROWSELL

CHRISTIE'S LAST claret sale of the season yesterday demonstrated the firmness of fine but not exceptional wine prices in the face of a recession from which the wine trade is not immune.

With American, Continental and home trade buyers bidding briskly for vintages of the last 25 years, prices were markedly higher than early this year.

Particularly high prices per dozen were paid for Haut-Brion '61 (£680); Mission-Haut-Brion '49 (£500); and Léoville-las-Cases '61 (£300). The first-growth '66s fetched £480 (Lafite) and £360 (Latour), the second level '66s went for £270 (La Mission Haut-Brion) and £195 (Ducru-Beaucoillou) down to £135 and (Pichon Lalande).

First-growth '70s attracted some high prices, led by Petrus (£720) Lafite(£330) and Latour and Moûton Rothschild (each £310).

The second-ranking '70s sold for £155 (Beychevelle) £130 (Lea Ville-las-Cases) and £105 (Grauaud-La Rose and others). The '71s were less popular, but Petrus made £460 a dozen.

Anthony Thorncroft writes: An album of 33 drawings and watercolours by the early 19th-century artist ePter Fendi who worked for the Liechtenstein family, was bought for £15,400 at Christie's yesterday by the reigning Pricen of Litchenstein. The price was double the forecast.

In a books auction the London dealer Mansour paid £13,200 for 14 volume of David Robert's The Holy Land. The Theatrum Orbis Terrarum, a late 16th-century atlas by Ortelius, made £11,000.

Top price at Sotheby's was £10,000 for An Evening Meeting a pastel by Lesser-Ury, while at Bonhams an Italian collector bought The Kitten, by Luigi Bechi, for £9,000.

Underwriter questions Lloyd's poll procedure

By John Moore

A SENIOR underwriter at Lloyd's of London, the insurance market supported by private membership, threatened yesterday to call an extraordinary general meeting of the 20,000 members if Lloyd's did not notify them a by-election was to be organised.

Mr Ian Posgate, who underwrites for the largest syndicate at Lloyd's, said yesterday no notice had been posted for the by-election, the first in Lloyd's modern history. Unless Lloyd's posted notice of the election as soon as possible, he proposed to call an extraordinary general meeting to gain approval for the election by the members.

Lloyd's plans to hold its snap election, yet to be notified to members, following the surprise resignation of Mr Robert Kiln from the committee of Lloyd's. Mr Kiln resigned over "a lack of openness" in the election of the chairman and two deputy chairmen of Lloyd's.

Mr Posgate intends to run for the vacant place in the forthcoming election. He has antagonised most Lloyd's underwriters because he is alleged to undercut most of the pricing of insurance rates established by informal market agreement by other underwriters at Lloyd's.

The Lloyd's brokers have been angered by his recent evidence before Parliament. It caused Parliament to insist that Lloyd's sell off the brokers' shareholdings with underwriting syndicates due to conflicts of interests.

The by-election, which could take place in January, is likely to be hotly contested. Powerful brokers such as the Sedgwick Group and C. T. Bowring, now part of Marsh and McLennan, the world's largest insurance broker, are expected to throw their weight against the election of Mr Posgate.

The Lloyd's establishment may place a strong candidate against Mr Posgate, such as a former deputy chairman of the Lloyd's committee or a past-chairman of Lloyd's.

BSC claims steel price rise is vital

By Alan Pike

BRITISH STEEL Corporation executives are concerned that what they regard as the vital need to increase steel prices is not yet appreciated by their customers.

European steel prices are scheduled to rise by 17 per cent next year, building upon a pattern of increases started this year. Steel consumers are concerned about the size and speed of the increases and Mr Ian MacGregor, BSC chairman, was questioned about the impact on customers at the Commons Industry and Trade Committee this week.

The corporation's justification of the proposed increases is supported by a document, presented by Mr MacGregor to the committee, which compares changes in BSC prices with those of its main customers over the past two years. This claims that there has been a 9 per cent decline in wholesale BSC prices between October/December 1979 and August 1981.

At the same time, says the document, changes in its customers wholesale prices have been:

Mechanical engineering	+19%
Electrical engineering	+15%
Metal goods	+14%
Motor vehicles	+17%
Construction	+25%
Other steel consumers	+23%

The overall increase for all steel consuming industries is 21 per ecnt, and for all manufacturing industry 23 per cent, according to the BSC

North Sea Sun prepares to exploit Balmoral field

BY RAY DAFTER, ENERGY EDITOR

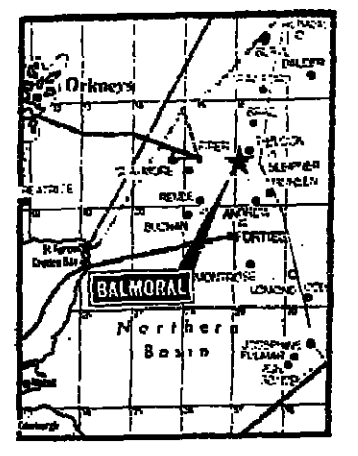
NORTH SEA Sun Oil has named its North Sea discovery the Balmoral Field in preparation for a development project costing hundreds of millions of pounds.

The field, named with the Queen's permission, is thought to contain over 100m barrels of recoverable oil, more than enough to justify a production programme.

North Sea Sun, part of the U.S.-based Sun Company, said yesterday that the development of the field would be further assessed early next year.

The field lies in two licence concessions, 16/21a operated by Sun and 16/21b operated by British National Oil Corporation. BNOC is using the semi-submersible drilling rig Treasure Swan to appraise its portion of the reservoir positioned some 140 miles north-east of Aberdeen.

A hint that the field would son be developed was given by Mr Theodore Burtis, chairman and chief executive of Sun Company. He said: "Balmoral Field provides a new opportunity for Sun to expand our activities in the UK which go back as far as 1909."



The Quen told Sun, through Mr. William Heseltine, her deputy private secretary, that she had no exclusive claim to the name Balmoral. A bun and a hat carried the same name. The Queen hoped the field would have a "long and profitable" life.

Prospects for the development were improved this month when Sun completed drilling a third well on its part of the geological structure. The company disclosed yesterday that the well had tested oil at an aggregate rate of 9,250 b/d.

According to stockbrokers Wood, Mackenzie, the reservoirs are contained in two layers of rock. In the upper Palaeocene zone recoverable reserves were reckoned to be up to 100m barrels, of which about 60m barrels were thought to be in block 16/21a. In the lower, less favourable, Devonian zone, reserves were estimated to be up to 50m barrels of which some 40m barrels might be in block 16/21a.

Interests in block 16/21a are: Sun Oil (62 per cent), Union Rheinische (15 per cent), Clyde Petroleum (13 per cent), Hautpas, a subsidiary of Bowater Corporation (5 per cent), and Hampton Gold Mining Areas (5 per cent).

Interests in block 16/21b are: BNOC (40 per cent), Atlantic Richfield (35 per cent), Carless Capel (12.5 per cent) and Gas and Oil Acreage (12.5 per cent).

Safety in technology 'can be uneconomic'

BY DAVID FISHLOCK, SCIENCE EDITOR

TECHNOLOGY can make any process safe enough if the necessary resources can be brought to bear, Mr John Dunster, Government director of nuclear safety, told energy executives in London last night.

For energy processes the important question was not whether it was too dangerous to use, but whether the costs of making it safe enough were so high as to make the process uneconomic, Mr Dunster told the Institute of Energy in his Melchett Lecture.

Such phrases as "safety considerations are paramount" were useful slogans but a totally inadequate basis for decisions.

They were not matters for the expert alone, but the answer was not to exclude the expert from fields beyond his expertise.

The answer was to persuade the expert to extend his range of activity and to recognise that he had a contribution to make beyond his expertise, "but in a clearly identified capacity."

Mr Dunster said he believed the machinery for getting scientists and engineers to play their "major role in our energy-dependent society" was broadly satisfactory.

He wished he could be as certain about the arrangements in other countries.

Electricity was more dangerous as used in the home than when being generated. But average risk of death from electricity at home was only about one in a million annually.

At this level "there is no reason to believe that people will spend their own money and effort to reduce risks.

"In short, 50 deaths a year in a total of some 700,000 deaths is not seen as calling for draconian intervention, and indeed produces only minor pressures for continued improvement."

Deaths directly associated with generating stations "make no real difference to the overall mortality of the area in which the station was placed."

The Health and Safety Executive, of which Mr Dunster is deputy director, had concluded that 1,000 Mw of coal-fired electricity generating capacity was responsible for about 2.5 deaths a year, compared with 0.36 for oil and 0.3 for nuclear energy.

These numbers suggested that "if the object is to reduce the number of premature deaths in the population as a whole, there may be better ways of doing it than by paying attention to deaths concerned with the generation of electricity."

Canada 'sold plutonium to fund nuclear research'

BY OUR SCIENCE EDITOR

THE Canadian Government has sold plutonium to help pay for its nuclear research programme, Professor Margaret Gowing, professor of the history of science at Oxford University, told nuclear engineers in London last night.

The plutonium came from Canada's first research reactor, the NRX, a copy of which later produced the plutonium for India's nuclear explosion in 1974.

The plutonium sale, to the U.S. Government, helped to pay for Canada's second research reactor, the NRU, said Prof Gowing, addressing the Institution of Nuclear Engineers.

Canada was also upset after the Second World War when Britain refused to enter into a joint nuclear venture with her and to base the main British nuclear development effort there. Although close co-operation continued between Britain and Canada "it was far removed from the Canadian wish for a joint project, jointly controlled."

By 1947 Britain was proposing closer collaboration, including a joint power-development programme but by then the Canadians were "getting along well by themselves."

Prof Gowing raised the question whether Britain did not make a mistake with its determination to pursue independence.

Both Britain and Canada had inherited from refugee French scientists ideas for heavy-water reactors, developed in a tripartite wartime programme at the Montreal Laboratory. Whereas Canada pursued the ideas to a commercially successful system, Britain abandoned them.

Instead, Britain developed the gas-graphite reactor for Calder Hall, originally intended to produce plutonium as a by-product of power but which "became a reactor producing power as a by-product of plutonium."

In spite of the lack of enthusiasm for this system and a yearning for more advanced alternatives, Britain had no real choice, because the necessary materials were not available.

"The heavy-water piles which seemed especially attractive depended on integration with Canada, which had been rejected."

Coal stocks at record level of 42m tonnes

By Our Energy Editor

STOCKS of coal are at a record level of 42.6m tonnes, the equivalent of almost 16 weeks production, according to government statistics published yesterday.

The volume of stocks have been greater before—in the heyday of the coal industry—but they have never been so large in relation to production rates.

According to industry estimates stocks are still growing. National Coal Board figures show that stock levels reached 42.8m in November. The board said it was normal to build up stocks in preparation for increased winter demand.

The government figures, contained in the latest issue of Energy Trends statistical bulletin, indicate that some of the increase has arisen as a result of the economic recession and depressed energy demand.

At the end of October stocks were 6m tonnes or 16.4 per cent up on the corresponding period last year. On the other hand coal production during the August-October quarter totalled 29.6m tonnes, a fall of 1.8 per cent.

Sales of coal were helped by a switch of fuels in power stations. Fuel oil supplies to generating plants were down by more than 50 per cent in the July-September quarter compared with the same three months last year.

Total energy consumption in the July-September quarter was 3.1 per cent lower than in the corresponding period of 1980. Consumption of petroleum products and coal fell by 6.4 per cent and 1.2 per cent respectively.

North Sea oil production continues to rise, however. Output reached 22.3m tonnes in the July-September quarter, an increase of 14.8 per cent compared with the same period in 1980.

Chemical groups plan share swap

By Martin Dickson

European plastics and petrochemicals companies will seek opportunities for portfolio exchanges—the swapping of interests in the manufacture of products—as one means of coping with the current crisis in the industry.

This was forecast yesterday by David Beynon, a board member of ICI's petrochemicals and plastics division. Mr Beynon told a London conference that portfolio exchanges could in theory be a most attractive proposition. "Each company should gain by becoming more efficient and stronger in the retained product.

"Not only does little or no money have to change hands, but each company should be able to show a profit as a result," he added.

"In practice it is difficult to find the fit—what is attractive to one company is frequently unattractive to others—but companies will continue to seek such opportunities on a bilateral basis."

Other rationalisation measures being carried out by European companies were numerous plant and site closures, the creation of larger groupings and the formation of joint ventures.

Mr Beynon said that European industry was carrying a trading loss of £100m on its five major plastics products

● Shell Chemicals announced yesterday that it was raising the price of all grades of polypropylene by about 10 per cent from December 1. The company said the increases were necessary due to inflation and the need to improve the viability of Shell's polypropylene business.

POWER INDUSTRY

BY DAVID FISHLOCK

Preparing the National Nuclear Corporation for 1990

ON JANUARY 1, Mr Ted Pugh, director of projects at the Central Electricity Generating Board, resigns to join the National Nuclear Corporation, a company with which the CEGB has orders in hand for four power stations worth about £2bn (1981 prices).

No demonstration of a new relationship between the NNC and its principal customer could be more convincing than Mr Pugh's appointment to the board of Britain's nuclear reactor design and construction company.

Chief architect of this new customer-contractor relationship — this "new look" in the nuclear industry as he has called it — is Mr Frank Gibb, joint managing director of Taylor Woodrow and chairman of its UK operations, a minority shareholder (about 5 per cent) in the NNC.

Frank Gibb was pushed into becoming the NNC's acting chairman during a boardroom crisis last spring, when Mr Dennis Rooney—the government-appointed full-time chairman—left abruptly. Since then Mr Gibb's appointment as part-time chairman has been confirmed both by shareholders and the Government—in spite of earlier assertions on both sides of the necessity for a full-time NNC chairman independent of any of its nine shareholders.

Mr Rooney, in his short tenure of office replaced a cumbrous two-tier board structure, designed for a much bigger national nuclear power programme, with one more appropriate to UK plans for the 1980s. But he failed to weld the new board into a team.

Mr Gibb believes the present NNC board is "very much in keeping with the size of the programme." The NNC is "in reasonable shape," albeit suffering from having had almost no new orders.

In addition to Dr Ned Franklin, confirmed as managing director, he has made individual directors responsible for project groups—for the three "old" advanced gas-cooled reactor (AGR) stations and for the new AGRs of Heysham 2. Mr Pugh will be director in charge of the Sizewell B pressurised water reactor (PWR) project.

The company must change, but "a degree at a time," not overnight, Mr Gibb believes. The vexed isuse of unifying two disparate, often antagonistic wings, at Risley and Whetstone, will go ahead with construction of a new NNC headquarters at Booths Hall near Risley by 1984. But he will retain "satellite" offices for as long as they seem to be needed.

Mr Gibb says his overriding objective has been to get a better working atmosphere in the nuclear industry. His background includes 33 years with Taylor Woodrow, a group which prides itself on its team spirit.

At NCC board level "what we've been looking for are things we agree on, where our common strength is. Let's build on that." This was not happening as recently as last spring, he says.

Mr Gibb has had the job of reconciling an earlier government decree of independence for NNC with the realities of a customer-contractor relationship in which NNC clearly had neither the customer's full confidence nor enough clout. The upshot is a compromise called the "agency agreement," in which the NNC undertakes design and management services in regard to the nuclear reactors, while also acting as CEGB's agent in placing contracts.

Last month NNC signed its first "agency agreement," worth £472m, for Heysham 2, after detailed appraisal by the two boards to make sure that it really was working. The Heysham 2 contract will be the model for Sizewell B, but two U.S. organisations — Westinghouse and Bechtel — will also have roles in this project.

Gibb sees neither the shareholding nor the financing of NNC as major problems to be resolved quickly. "That doesn't mean we have a perfect company yet."

Much bigger and more urgent, in his view, however, are decisions on how to keep a proficient nucleus of engineering skills together during a few more lean years for domestic nuclear orders, in expectation of a fast-rising demand for nuclear power as North Sea resources run down in the 1990s.

"We're addressing the late 1990s," he said.

Mr Gibb is convinced that the PWR will open export opportunities for Britain. "There might be some possibility, by association with Westinghouse and Bechtel, of playing some part earlier than we can establish a full PWR programme in Britain." It all hinges on going ahead with Sizewell B.

Frank Gibb is also hopeful, however, that feasibility studies in 1982 may disclose new export markets for Britain's Magnox reactors, as small (300 MW), dependable and — in nuclear terms — rather low-technology units for both high-pressure process steam and electricity.

ornado roduction kely to e slowed

ichael Donne, space Correspondent

ANNUAL rate o. produc- f Tornado multi-role com- craft in the UK is likely slowed from about 60 to craft a year, under plans e money being discussed en the UK, West German alian Governments.

slow-down is due ly to defence budget ms in both the UK and Germany, where past ending on a wide range efence programmes is vigorously curbed, with : made to prevent any overspending.

il now, the Tornado pro- ne, widely regarded as to the overall Nato e effort, has escaped cuts. In the hunt for nies it is being brought he net—much to the dis- f the manufacturers who nat they have more than d the exacting demands on them by governments p costs under control and iver aircraft on time.

t German production will geared to the lower total ut 40 aircraft a year, but output of about 20 a will remain largely un- ed. The West German : had originally been ed to reach about 60 air- a year, but will not now high.

full force of the slow- will hit the UK hardest, se the UK has done best as reached the planned f about 60 a year.

re will be no change in erall total of 809 aircraft ed, of which 385 will be he RAF. 324 for the n Air Force and Navy, 100 for Italy. The ries will be stretched a longer period, so the ircraft will not reach the until the late 1980s or 1990s.

itably, although the own will mean short-term savings, with less being on Tornado production year, the overall longer- effect must be to increase costs, if only because of ffects of inflation on the r programme.

otiations on the slowdown been conducted directly at equest of the three govern- s with Panavia, the inter- nal company running the amme, and with NAMMA Nato Military Aircraft Man- ent Agency), which is the between Panavia, the gov- ents and Nato itself.

members of Panavia are h Aerospace, Messerscmitt- w-Blohm and Aeritalia of Also involved is Turbo- the international com- uilding the RB-199 engine Tornado, whose members Rolls-Royce, Motoren-und ien Union and Fiat Avi-

BR to reduce fares from London to the provinces

BY ARTHUR SANDLES

BRITISH RAIL will introduce a range of cut price fares from London to the provinces in the New Year and launch a massive review of its fare structure.

The new fares from London will be on a more complex basis than those now on offer into the city. Mr Peter Keen, British Rail's chief passenger manager, who is in Phoenix for the annual meeting of the Association of British Travel Agents, said: "The market from London is very different. You can generate business to London with low fares but it is difficult to generate business from London."

Mr Keen said the fares from London would not be the same as those into the capital, and the clear inference was that in most cases they would be higher. Under the new scheme normal round trip rates will be reduced by about two thirds from many regions. British Rail has still to work out final details of the plan.

There are restrictions on using the tickets on some services, normally those already heavily patronised by business traffic.

Talking of the scheme for trips out of London Mr Keen said: "This is just a start. We will be having a fundamental look at the reduced fare structure. The one we have had since 1973 has worked well but now it is too complicated. I think ultimately we could have something simpler."

At the moment British Rail has first class fares, ordinary tickets, three types of return tickets (monthly, weekend and Awayday), and various card schemes for specialised groups, as well as the London saver scheme and a variety of promotional fares.

British Rail wants to see this proliferation of fares stopped, and even reversed. It does not, however, want to lose traffic in the process.

Particular attention will be paid to attracting family traffic which usually travels by car. The family rail card scheme has only been moderately successful, selling only 120,000 cards to a potential market which British Rail sees as millions. "We need a fare system to capture them," said Mr Keen.

Court sets aside salvage claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CLAIM for damages for alleged breach of a Lloyd's standard form of salvage agreement cannot be made in the Admiralty Court, the court has ruled.

Mr Justice Sheen set aside the claim by a Greek salvage firm, Vernicos Tsavliris Gigilinis, against Tesaba Shipping, of Limassol, and an order made last month for arrest of the 4,316 grt cargo vessel Tesaba.

Both the claim and the arrest were attempts to compel Tesaba Shipping to provide security for the payment of an arbitrator's pending salvage award, said the judge. That was not something for which the process of the Admiralty Court was available.

The allegations of breach should go to arbitration, he said. The salvor was given leave to appeal.

The Tesaba was refloated by the salvor after grounding off Salonica in November last year.

The salvor alleged Tesaba Shipping had broken its obligation under the Lloyd's salvage agreement not to remove the salved property without the salvor's consent until security had been given, and to do its best to ensure that the owner of the vessel's cargo put up security.

Tesaba Shipping contended that the damages claim did not come within the 1956 Administration of Justice Act, which governs the jurisdiction of the Admiralty Court.

The judge agreed. He said that it was not "a claim in the nature of salvage," but a claim over an alleged breach after the salvage services had ended.

It was not "a claim for loss of or damage to goods carried in a ship," because there had been no such loss or damage.

Nor was the salvage agreement "an agreement relating to the carriage of goods" in the Tesaba.

Output of man-made fibres likely to fall

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

Output of man-made fibres is likely to fall almost 10 per cent by the end of 1983 unless there is an improvement in the economy in the next 12 to 18 months.

This gloomy forecast comes from the Man-made Fibre Production Sector Working Party of the National Economic Development Council.

The report shows output fell from 578,000 tonnes in 1979 to 433,000 tonnes last year, compared with a peak of 731,000 tonnes in 1973—before the oil crisis hit the industry. It could fall even further to 395,000 tonnes by the end of 1983.

A consequence of the fall in output was a sharp drop in employment. The industry lost 10,000 workers last year, taking the total to 17,500. Closures in 1981 have already resulted in the loss of 13,500 jobs.

The picture is not all gloomy, though. There has ben a significan increase in productivity, especially this year. Even if the performance of British industry still lags behind that in the U.S., Germany and Japan, it is now better than it has been for some time.

This improvement stems from capital investment which has been employed primarily in improving the efficiency of existing capacity.

● A report from the Footwear Economic Development Committee calls for the Government to extend its Temporary Short-Time Working Compensation Scheme which ends next March.

Footwear EDC. Progress Report, October 1981. Available from NEDC, Milbank, London, SW1.

Man-made Fibre Production SWP. Progress Report, November 1981. From NEDC.

Aid for hospital savings research

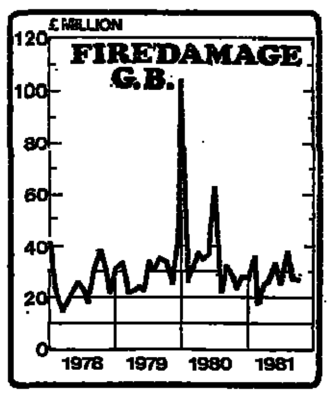
TWO UNIVERSITY researchers have been given a Government grant to investigate ways of cutting the £192m annual bill for heating and ventilating Britain's hospitals.

Professor Edmund Happold and Dr Derek Croome, of Bath University have been given £30,000 for the project by The Department of Health and Social Security, who would like to cut energy costs by up to 25 per cent.

Some hospitals are already involved in energy saving schemes, but there is considerable variation between regions.

The researchers will collate existing experiences and data. They hope to develop an energy model for testing in a number of different types of hospitals.

The Royal United Hospital in Bath will be the subject of a field trial.



Fire losses maintain lower trend

By Eric Short

LAST MONTH'S major fire at Ferranti's offshore computer systems centre in Aberdeen, which services the North Sea installations, accounted for an estimated £1.5m of the £25.8m fire damage costs for the month, according to figures released yesterday by the British Insurance Association.

The total was only slightly lower than in September, but £4m below the damage costs for October 1980, so maintaining this year's trend of lower fire losses. Losses in the first 10 months of this year are £283.3m, one-third below the costs for the same period last year.

There was only one other major fire in October, at a warehouse in Ipswich where damage was slightly in excess of £1m. This year's fire damage pattern has shown a much lower number of very large fires compared with previous years.

The corresponding fall in losses has substantially helped the UK trading results of British insurance companies which, despite severe competition, are showing a much improved underwriting position this year.

ECONOMIC POLICY

BY DAVID MARSH

PSBR turns elusive

MOST PEOPLE would probably agree with the remark by Sir Geoffrey Howe, the Chancellor, in the March Budget that the public sector borrowing requirement (PSBR) is regarded by many as "an entirely mystical concept."

The recession is forcing Government borrowing higher by pushing up payments of unemployment benefit and by reducing tax revenues. As a result, it is becoming harder to track the underlying state of the PSBR—an indicator at the centre of the Treasury's efforts to curb inflation and promote economic growth.

This explains the growing interest in calculations of public borrowing which make allowance for the effects of the recession.

Many of these calculations show that the "recession-adjusted" PSBR has been falling sharply although it has been rising in nominal terms.

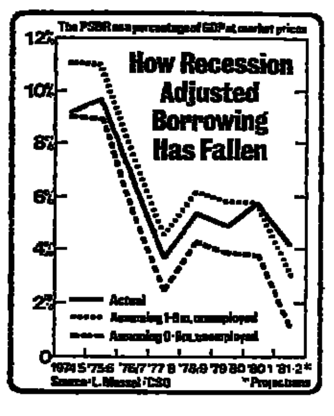
Critics of the Government's policies use this as ammunition to support the argument that the Treasury is in fact implemeting too tight a fiscal squeeze and should relax its public borrowing targets to speed the economic upturn.

The Government has already made some allowance for the effects of recession on PSBR. Critics, however, say it is not making enough. The issue is central to the discussion of next year's borrowing targets now taking place in the Cabinet.

The view that fiscal policy, making allowance for the cyclical state of the economy, is too tight can be heard from some quarters at the Bank of England, which takes a generally more pessimistic view of economic prospects than the Treasury.

The Bank's next quarterly Bulletin, published next month, is expected—like the one in September—to underline that there are only subdued prospects for growth.

Some voices at the Bank argue that it is monetary, rather than fiscal, policy that is relatively loose. Although agreeing with the Government's attempts to cut public spending, they favour tax cuts on industry in the form of a reduction in the National Insurance surcharge.



Mrs Margaret Thatcher and her economic ministers may not, however, be inclined to pay much attention to the budgetary advice from the Bank. It is already blamed in parts of Whitehall for the embarrassing overshooting of the Government's monetary targets.

The Government's medium-term financial strategy, published in the March 1980 Budget, allows for some deviations in the chosen path of the PSBR in response to slower economic growth. In this year's Budget, Sir Geoffrey explained that the 1981/82 public borrowing target, at £10.5bn, was being set £3bn above the figure implied in the finacial strategy to allow for lower output.

Stockbrokers L Messel have attempted to calculate a "recession-adjusted" PSBR by making allowance in the actual figure for public borrowing for the cost of extra unemployment.

In assessing the revenue loss to the Exchequer (through foregone tax receipts and higher social security benefits), the firm has used an estimate—published by the Treasury in February 1981—of £3,400 per unemployed person. This is much lower than the latest official figure, produced by the Manpower Services Commission, of £4,380 per person.

THE CHART shows, as a proportion of gross domestic product, a) the actual PSBR, b) the PSBR adjusted for deviations from a constant adult unemployment total of 1.9m (the actual number out of work in 1980/81), and c) the PSBR adjusted for an assumed jobless total of 600,000 (the level at which the economy might be running close to capacity). Average adult unemployment for 1981/82 is set at 2.65m.

The adjusted PSBR totals show that the expected out-turn in 1981/82 in relation to GDP, will be lower than in any year during the 1970s. L. Messel—which generally sympathises with the Government's economic strategy — conclude: "The Conservatives have succeeded in achieving a major reduction in the underlying level of public sector borrowing, although the success on this front has been masked by the unfavourable effects of the recession."

Further evidence that the Government's underlying fiscal stance has been very tight comes from the Paris-based Organisation for Economic Co-operation and Development (OECD).

Its latest figures, covering the years 1980-82, and taking into account actual and planned changes, show that Britain has moved further in the direction of budget restriction than any other of the big industrialised countries.

The next most restrictive country is Japan, with an annual average move towards surplus of about 1.4 per cent.

UK NEWS — PARLIAMENT and POLITICS

Statement on spending next week

BY IVOR OWEN

MPs WERE told yesterday that Sir Geoffrey Howe, the Chancellor of the Exchequer, will make a full statement in the Commons next week on the level of public expenditure which the Government will authorise for the coming financial year.

Mr William Whitelaw, the Home Secretary, answering questions on behalf of the Prime Minister, announced that the statement would be made on Wednesday, but Mr Francis Pym, the Leader of the Commons, left the timing open when he gave the business programme for next week.

Both ministers refused to be drawn on the decisions reached by the Cabinet earlier in the day, when the prolonged agonising between spending departments and the Treasury over the extent of the cuts to be made in planned expenditure programmes was finally concluded.

Mr Michael Foot, the Opposition leader, seized on the indication given by Mr Nicholas Edwards, the Welsh Secretary, that the real value of unemployment benefit is likely to be cut, to launch a bitter denunciation of such hard-faced economy measures.

To Labour cheers, he protested that it was disgraceful that such action should be contemplated by a Government which had created the worst mass unemployment in Britain since the war.

Did the statement made by Mr Edwards (in a speech in the City on Wednesday) represent Government policy? he demanded.

Mr Whitelaw replied: "I am entitled to ask the House to a for the full comprehensive statement from the Chancellor the same view. next week and that is what I am doing."

He revealed while explaining to Mr Robert Cryer (Lab Keighley) that the Chancellor's statement would come on Wednesday, but said no cuts in spending would be involved.

He stressed: "It is a question of reductions in planned increases."

Mr Fergus Montgomery (Con Altrincham and Sale) advised Mr Whitelaw to ignore the views of Labour MPs and take heart from the letter in yesterday's Times signed by 17 leading industrialists which urged the Government not to be deflected from its broad counter-inflation strategy.

There was mocking laughter from the Opposition benches when he assured the Home Secretary that "every MP on this side of the House" held

Mr Whitelaw underlined his approval for the letter and added that he was sure that every Conservative MP would welcome its tone.

He suggested that the views of the industrialists were not acceptable to Labour MPs because they wanted to spend a great deal more of the taxpayers' money.

Mr Foot later switched his attack to the growing number of unofficial disclosures of Government policy through "leakages."

Leaks had become so numerous, he scoffed, that they amounted to a glut, and he contended that in view of this the Chancellor's statement should be made on Monday rather than later in the week.

Mr Pym contended himself with saying that the statement would be next week: "As far as I am concerned the earlier the better," he said.

Willie plays with the straightest of bats

SPORTING METAPHORS seemed very appropriate to describe the goings on at Westminster yesterday.

Mr John Wells (Con, Maidstone) proposed that the aftermath of a nuclear attack emergency government should be in the hands of people like Ian Botham, former England cricket captain, and national football captain Kevin Keegan, instead of "unelected noncentities"

For some reason his Tory colleagues seemed to think this eminently practical suggestion highly amusing and Mr Patrick Mayhew, Minister of State at the Home Office, quickly kicked it off the field.

We then had Mr William Whitelaw, in his capacity as deputy Prime Minister, answering questions for the Prime Minister who was absent at the EEC summit.

Even by Mr Whitelaw's dogged standards it was a stonewalling performance and all we heard was the gentle plop of the ball against the backward defensive stroke.

Did the Government intend to cut unemployment pay?

Answer: wait for the Chancellor's statement next week.

Was there a plan to modify the Civil Service index linked pensions?

Answer: nothing further to add to previous statements by the Prime Minister.

But a question about the grievous position of unemployed women brought a particularly masterly stroke as he glanced the ball through the slips for a quick couple of runs.

"These are obviously very wide matters that can be most carefully considered," he declared.

Switching to a soccer metaphor we witnessed Mr Arthur Lewis (Lab Newham NW) getting into a nagging argument with the referee in the person of Mr George Thomas, the Speaker.

Repeatedly Mr Lewis tried to raise a point of order on his favourite subject—the fact that every major announcement seems to be leaked to the Press before MPs are informed.

Admittedly the portly Mr Lewis was egged on by the left-wing heavy mob below the gangway with cries of "something should be done about it" and "we want a revolution."

But eventually the Speaker ordered him out of the chamber for the rest of the day and he plodded into the distance bewailing the fact that he had only been trying to raise a second point of order.

Those who wanted a change of sport could stroll over to the Lords where Lord Taylor of Gryfe, an SDP stalwart, was having a Second Reading debate on his Bill which aimed to make professional boxing illegal.

It proposed a fine of £20,000 or three months' imprisonment for anyone organising a boxing match for profit.

As spiritual heir to that great anti-boxing crusader the late Baroness Summerskill, he condemned professional pugilism as harmful and degrading.

In a powerful and moving speech he backed up his moral argument with details of the grim injuries suffered by aging boxers.

Unfortunately this brought a swift uppercut from Tory peer Lord Morris, who had been an amateur boxer from the age of eight until 19.

He described it as a "pointless, politically naieve, miserable little measure devoid of any merit whatever."

In the end the Bill was defeated by a majority of 30

Collectors of sporting statistics may like to know that this compared with the majority of seven (29-22) by which the similar Summerskill Bill was thrown out in May 1962.

John Hunt

Police chief warns Ulster's 'third force'

By Our Belfast Correspondent

MR JOHN HERMON, Chief Constable of the Royal Ulster Constabulary, said yesterday that no private force acting outside the law would be allowed to usurp the authority of the police and army in Northern Ireland.

His statement made clear that the RUC would have nothing to do with — and would even act against — the so-called "third force" which unionist politicians, notably the Rev Ian Paisley, have said is ready to deal with the IRA.

Mr Hermon said the whole fabric of society was threatened by self-appointed armies whose object was to "seize power" and dictate to people not only what they should do but whether they should live or die.

Everyone who valued freedom should be alive to that danger and should support the forces of law and order. If they did not, they might one day discover to their cost that it was too late, he said.

Mr Hermon accepted there was genuine concern about violence, but he said the police were committed to defeating terrorism. He gave details of measures taken to deal with the IRA, including "additional units" which are being kept secret.

"Now is the time for this community to hold onto its common sense and not to put in danger the democratic values which we cherish.

"Be assured that the police and the army will fight terrorism until terrorism is finished," he said.

The Chief Constable added that anti-terrorist activities had been intensified. He and the officer commanding the army had planned some further measures, some of them overt and some covert. But they required greater support from the community at large.

Terrorism could only be defeated by the community joining the security forces, by the unequivocal rejection of terrorism and by "lawful mutual help."

● The Ulster loyalist group, the Ulster Freedom Fighters, last night claimed they were responsible for Wednesday night's shooting at the Dublin office of Republican News in which two men were slightly wounded.

Dublin police, however, were sceptical about the claim by the group, which is generally recognised as a "flag of convenience" for the military operations of the Ulster Defence Association.

The gunman appeared to fire at the floor, and staff in the office thought he seemed mentally unbalanced.

Nevertheless, Irish police and troops have mounted road blocks on minor roads from Northern Ireland since the shooting of the Rev Robert Bradford, Unionist MP for Belfast South, for fear that unionists would attempt reprisals.

It is known that Protestant paramilitaries would like to attack what they call a "pressure target" in retaliation for Mr Bradford's murder.

Earlier this week shots were fired at the Provisionals' Press centre in Belfast, narrowly missing two journalists.

This attack is believed to have been the work of unionist paramilitaries.

Ashley Ashwood

POST-CABINET CHAT: Mr Norman Tebbit and Lord Carrington leaving No 10 Downing Street after yesterday's Cabinet meeting.

Four youths ejected during debate on law and order

FINANCIAL TIMES REPORTER

FOUR MEN were hustled out of the public gallery in the Commons yesterday after staging a protest during a debate on law and order. Another man later was ejected after showering leaflets on MPs in a separate incident.

Shortly after Mr Patrick Mayhew, Home Office Minister of State, began his defence of the Government's law and order policies, the four young men, three coloured, one white, stood up one by one and shouted, drowning the minister's speech.

The first of the four to rise bellowed from the top of the public gallery: "This debate concerns the black community and the police force."

The second demanded that charges against the "Bradford 12" be dropped.

The Bradford 12 are a group of young Asians who have been charged with helping to make petrol bombs, following disturbances in Bradford during the summer.

The debate was initiated by the Liberals, whose leader, Mr David Steel, urged a return to community policing, and for all of Lord Scarman's recommendations to be acted on "swiftly and imaginatively."

Mr Steel said: "I believe we have got to pay greater attention to the methods of policing we use, to get better value from our well-tried police force in combating rising crime."

The Liberals were looking to the Home Secretary, Mr William Whitelaw, to give a lead and an assurance that community policing would be accepted as Government policy in the future.

Mr Steel also called for a wholly independent procedure for dealing with complaints about the police, and for more help for victims of crime.

He said it should also be made clear to police that the penalty for racial prejudice would be dismissal.

He added that the statements of some politicians had added to the feelings of insecurity among ethnic minorities.

Mr Mayhew said that since the Government had taken office the number of police officers had increased by 7,500. There had also been a reduction in the amount of non-policing duties carried out by police officers.

Police await Home Office liaison talks

By Lisa Wood

CHIEF CONSTABLES outside London were yesterday awaiting consultations with the Home Office on setting up formal liaison committees between police and local communities, as recommended by Lord Scarman in his report published on Wednesday.

The Metropolitan Police, which Lord Scarman suggested should set up local consultation at borough or police district level, said it was "looking into the recommendations."

Lord Scarman had urged chief officers of police outside London to take Police Authorities "fully into their confidence and co-operate with Police Authorities in establishing consultative arrangements in their police areas at divional and subdivisional level."

Most police forces in England and Wales have informal local liaison committees. Warwickshire Chief Constable Roger Birch said yesterday: "Clearly there will need to be consultations between the Home Office, the local authority association and police staff associations to determine precisely the nature of these liaison committees Lord Scarman is suggesting.

"Whatever the outcome, this is unlikely to produce any dramatic or unacceptable change in Warwickshire where consultation from the parish to county council level is already well established."

Local consultative committees, on the lines proposed by Lord Scarman, have been implemented most vigorously by police forces in Devon and Cornwall.

In the West Midlands the Labour controlled Police Authority has introduced a new element in police-community consultations by increasing the involvement in them of local district councillors.

Labour NEC to examine party entry procedures

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE LABOUR PARTY'S national executive committee will be asked to examine the party's procedures for accepting new members with a view to excluding members of extremist groups.

This emerged yesterday amid growing criticism within the party of Mr Michael Foot's response to pressure to expel members of the Trotskyites Militant Tendency.

A substantial number of Labour MPs believe Mr Foot should have called for a full scale inquiry into the group's activities, instead of referring the matter to the NEC's organisation committee.

Mr Foot is understood to be extremely worried about infiltration into the party by members of extreme left-wing groups and has indicated that he considers there is no place in the party for left wingers such as Mr Tariq Ali, the Marxist activist, who recently applied for Labour Party membership.

Mr Foot is also understood to disapprove strongly of suggestions by Mr George Galloway, chairman of the Scottish Labour Party, that the party should affiliate with the Communist Party.

MPs disown back bench attack on Prior

BY MARGARET VAN HATTEM, POLITICAL STAFF

A Conservative back bencher yesterday accused Mr James Prior, the Northern Ireland Secretary, of "crass ineptitude and blatant incompetence" over his handling of the crisis in Northern Ireland and called for his resignation.

But his attack drew strong criticism from fellow Tory back benchers.

Mr Nicholas Winterton (Con Macclesfield) told the University College of London Conservative Association: "Mr Prior must go."

"I can think of many fools Northern Ireland has had to suffer as Secretaries of State but none of them has from the inception of his appointment shown such crass ineptitude or blatant incompetence in such a short time as Mr Prior.

"The IRA like some latter day Dracula sucks the life blood from the people of Northern Ireland: yet the Secretary of State advises no military initiative against the terrorists. Instead, he is content to indulge in the bureaucratic game of setting up talking shops with Dublin while he tinkers with terrorism.

He is committing the British Government to the course of Irish unity while our fellow citizens are being murdered daily by terrorists who gain sanctuary in the Republic of Ireland."

Mr Winterton attacked the Dublin Government for refusing to extradite terrorists: "If the Republic of Ireland cannot deal plainly with us on this issue, how can we expect integrity in any other dealings we may have with them?" he asked.

Mr Winterton said later that he wanted marshal law imposed in the province until IRA terrorism was totally suppressed.

His attack on Mr Prior won immediate support from Mr Harold McCusker, Official Unionist MP for Armagh, who said: "Hard pressed unionists in Northern Ireland will welcome his support and be hopeful that realism will eventually permeate through to the rest of the Tories."

But members of the Tory back bench committee on Northern Ireland, who met Mr Prior yesterday afternoon, affirmed their support for him and roundly criticised Mr Winterton.

Mr Anthony Beaumont Dark (Con Selly Oak) said after the meeting: "Statements like Mr Winterton's can only bring hope to Mr Ian Paisley and to the enemies of this country."

Mr Winterton, however, believes many Tory back benchers support his views and indicated later that nothing Mr Prior had said at the meeting had caused him to withdraw or regret any part of his attack.

Next week in parliament

COMMONS

Monday: debate on the role of the Comptroller and Auditor General.

Tuesday: Appropriation (Northern Ireland) order.

Wednesday: debate on prisons and debate on social security benefits and supplementary benefits regulations.

Thursday: Shipbuilding Bill, remaining stages; Nuclear Industry (Finance Bill) remaining stages.

Friday: Private Members' motions.

LORDS

Tuesday: Hops Marketing Bill, Committee; Mental Health Bill, Second Reading; two consolidation Bills, Second Reading; short debate on methods of monitoring asbestos.

Wednesday: debate on the effects of Government policies on education, training opportunities and industrial efficiency.

Thursday: Civil Jurisdiction and Judgments Bill, Second Reading; Security Officers Control Bill, Second Reading; short debate on Home Office report on direct broadcasting by satellite.

LABOUR

Shell drivers to vote on lightning strikes call

BY PHILIP BASSETT, LABOUR STAFF

SHOP STEWARDS representing Shell's 2,000 tanker-drivers and other distribution workers called yesterday for a series of lightning one-day strikes over the company's 8.1 per cent pay offer. Shell said such action could be seriously damaging.

Texaco stewards, meeting last night, were tohught likely to make a similar recommendation to their 1,000 drivers, and stewards for Esso's 1,750 drivers are expected to follow suit today.

The difficulties which have accompanied the present protracted round of drivers' negotiations, including BP drivers accepting the offer, intervention by the arbitration service Acas; and the other companies refusing to improve their offers, cast at least some doubt on the drivers' readiness to follow their stewards' recommendations.

The strike call will be put to depot meetings at Shell's 55 terminals in the next few days. The results will be collated at a recalled stewards' conference on Wednesday, which will decide whether to pursue any action.

The recommendation is likely to make clear that a vote against it is an acceptance of the company's offer.

No warning would be given of any strikes which might be called, and the Transport and General Workers' Union expects that computer-assisted delivery schedules could be seriously disrupted. Petrol supplies to the public would be unlikely to be affected immediately.

Mr Jack Ashwell, TGWU road transport national secretary, said: "Because of the adverse publicity we seem to get, the only way we can pursue industrial action against the company is to design it so it affects the company rather than members of the public."

Because Shell drivers already enjoy shorter hours the TGWU is pressing for full claim of meeting the 11 per cent rises awarded by Mobil earlier this year, rather than the 9.99 per cent claim agreed for the other major companies in conciliation talks.

Unions prepare ultimatum to British Shipbuilders

BY JOHN LLOYD, LABOUR CORRESPONDENT

SHIPBUILDING UNIONS are to tell British Shipbuilders that, unless it improves its industrial relations within three weeks, they will withdraw from national pay talks, end national consultation and joint participation and return to yard-by-yard bargaining.

However, the issue at the core of the bitter dispute between BS and the unions—the closure of the Robb Caledon shipyard in Dundee with a declaration of about 120 compulsory redundancies—may now be resolved.

The Dunde Port Authority has revised the terms under which it is preparedto allow the oil platform manufacturing company, Kestrel Marine, to take over the yard. These new terms may be acceptable to Kestrel. The old ones were not.

The next question might be how many of the 120 workers occupying the yard would be required by Kestrel. The company may not wish to hire all of them, but that would be unacceptable to union officials.

Mr James Murray, chairman of the shipbuilding negotiating committee of the Confederation of Shipbuilding and Engineering Unions and general secretary of the Boilermakers' Society, said last night that the committee would review the position on December 16.

If there was no improvement in industrial relations in the corporation by then, it would break off contact on the national level.

However, BS believes that national contact will not be lost finally before pay negotiations start early next year.

South-east hauliers offer 4.9%

By Brian Groom, Labour Staff

AN ESTIMATED 12,000-15,000 lorry drivers in London and the South-east have been made a first but "final" pay offer of 4.9 per cent on basic rates by companies in the Road Haulage Association.

The RHA says a larger increase would mean job losses unless it were accompanied by a self-financing productivity deal. A questionnaire circulated among the 1,600 RHA members in the region indicated they thought they could afford to increase pay rates by 2.5 to 5 per cent.

The hard-hit road haulage industry last year achieved settlements of 3.5-6.7 per cent among RHA companies. This year's pay talks have started in 11 of the RHA's areas. The settlement date is January 1.

An offer of about 5 per cent is understood to have been made by the Hull area, but the RHA has lost many members there in the last couple of years and some companies say they are unwilling to pay any rise at all.

Leaders of the south-eastern lorry drivers, who are claiming a £100 minimum a 35-hour week and other benefits, are to discuss their offer before meeting the employers on December 14.

The offer would take the minimum for 40 hours from £81 to £85. It would add £5 to the present £96.18 for a 45-hour week, including five hours' guaranteed overtime.

Electricity workers set to lodge 15-16% pay claim

BY OUR LABOUR CORRESPONDENT

UNIONS representing about 90,000 workers in the electricity supply industry are set to lodge a claim for 15-16 per cent to maintain their level of earnings in the coming year.

Gas industry workers are also hoping for an increase but have tabled a claim for 8-9 per cent in line with inflation. They have, however, called for a consolidation of bonus into basic earnings, which might give them about five-six per cent extra.

The final claim will depend on whether British Gas agree to the consolidation for the 43,000 manual workers.

A conference of electricity industry shop stewards from the General and Municipal Workers Union, the industry's second largest with about 30,000 members, also called for a lowering of the retirement age from 65 to 60, shorter hours, longer holidays and a reduction in overtime—in order to create more jobs.

The full claim will be drawn up by all the supply industry unions—of which the Electrical and Plumbing Trades Union is the largest—on Thursday.

Mr Fred Franks, the EPTU national officer, said last night that his union had not yet put a figure on its claim.

Average gross weekly earnings for power workers are presently just over £142, with overtime averaging five hours per week.

Mr Edmonds said that the Government's 4 per cent pay target in the public sector was now "irrelevant" because of the offers to the mineworkers and the water workers.

Medway region 'could become unskilled ghetto'

By Brian Groom, Labour Staff

THE MEDWAY community of north Kent could decline into an "unskilled ghetto" with unemployment of at least 33 per cent by 1985 if the planned closure of the Chatham Naval Dockyard and BP's Isle of Grain refinery goes ahead, the Transport and General Workers' Union claimed yesterday.

A report prepared for the union by Dr John Fisher, of the University of Surrey, calls for the dockyard closure to be reversed and the refinery closure to be delayed until alternative uses are found.

It proposes an alternative economic strategy for the area, involving a local enterprise board.

Mr Moss Evans, TGWU general secretary, said the report showed "that the disaster that has overtaken the North of England and other areas is now biting fiercely into the South-east."

Reduction in mine deaths

BY OUR LABOUR CORRESPONDENT

THE NUMBER of fatal accidents in mines fell last year, but the number of serious accidents rose sharply, according to the annual report on health and safety in mines.

The report shows that fatalities fell from 46 in 1979 to 42 in 1980, with 39 killed underground — the second lowest figure ever.

However, 512 men were seriously injured, compared with 473 in 1979. The report says the increase would have been even greater if the number of surface accidents had not fallen 32 per cent.

The report shows that underground transport was the major single cause of accidents last year, and that more than half of these accidents were associated with bad operator practice or indiscipline.

The Chief Inspector of Mines expresses concern in the report over the difficulty in recruiting suitable candidates for safety inspector posts. He says about half of the inspectorate staff must be replaced if the frequency of inspections is not to fall significantly.

Mines: Health and Safety 1980, HMSO £4.

Train takes the strain for jobless

IF THE 450-odd campaigners on the Jobs Express don't scare the life out of Margaret Thatcher when they visit 10 Downing Street next weekend, it is a fair bet that they are putting the wind up the Trades Union Congress.

As the train snakes its way through cloud covered Welsh mining valleys on its way from Birmingham to Swansea yesterday the overriding impression was that this particular Awayday was as much a protest against apathy about youth unemployment in Congress House where the week-long 10-city tour was conceived—as in the corridors of Whitehall.

On a drizzly Wednesday night in Birmingham, the protesters—as elegant as bean bags in uniform red plastic cots—looked like a cheerful school outing as they headed to a free pop concert at the Bingley Hall. Inside Dave Morgan and Julia Chapman, his fiancee of five weeks, gave another, more representative impression of the mood of the marchers.

Dave, the 19-year-old son of a market supervisor and a hospital cleaner who left school with eight CSE's and an A-level, regarded the trip as a highly politicising affair. After a brief spell on a youth opportunities programme, enveloping rate demands in a Manchester council office, he has failed to find a job, despite constant visits to the Job Centre.

"At first when you're on the dole you think its a holiday, but then after a few months you begin to wonder what its all about." Julia, with two O Levels and a business diploma, has been unemployed for nearly two years. A long-time member of the Labour Party Young Socialists, she dismisses the Government's YOPs programme for its "slave wages" of £23.50 a week and lack of training, insisting unemployment can only be solved by vigorous union pressure and a "real socialist programme."

Curiously however, it was from the more taciturn Dave, that the real bitterness shows through. "If the Tescos and the ICIs can't afford us" he said "then we can't afford them."

Dawn, on Platform 11 at New Street Station, and the weary Jobs Expressers are waved into the train by Mr Ken Cure, of the AUEW executive, beaming like a Butlin red coat. No, he wouldn't be able to take the trip as he was off to pay talks at Talbot. But he wished them luck. "Haven't seen a lot of you press boys" said a nearby BL shop steward. "Yet these kids represent the future of this country."

IVO DAWNAY climbs aboard the Jobs Express and meets some of the young unemployed on their ten-city protest tour.

Swathed in sleeping bags draped across litter strewed carriages, the future of this country didn't look too promising. But as the train did its best to take the strain, small groups gathered to discuss the day's march and the growing campaign in the country.

Later in Swansea Guildhall, after the mayor's welcoming speech was quickly despatched amid jeers and hisses, a series of impassioned protesters called for support for everything from the workers occupation at the Laurence Scott plant in Manchester, to a women's march for jobs.

If nothing else, the Jobs Express has given time to a number of deeply disillusioned young people to meet and discuss the general effectiveness of the trades union movement's employment campaign. Few are impressed. As Stewart Hastings, the local organiser warned the meeting, "If the TUC doesn't do anything to organise you, its clear that other people will."

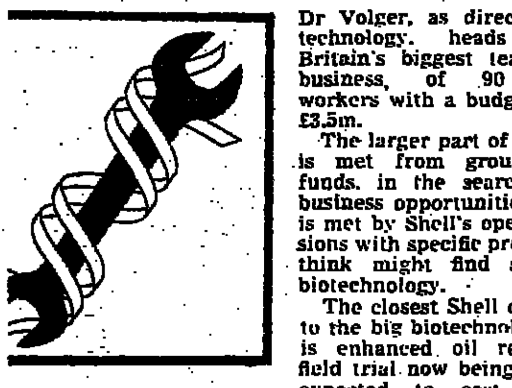
:CHNOLOGY

EDITED BY ALAN CANE

:iotechnology, Part 8

David Fishlock reports

Shell looks for the windows



L Dutch-Shell plunged iotechnology in the 1960s, .ts sights set on the one rget of single-cell protein. andoned the venture in then promptly restarted a substantial but highly ified research programme Sittingbourne Research ? in Kent.

ller this month Shell i a research contract with ch. the new British genegineering company (Tech- Page, October 9). All it to say about this one, 'er, is that the two 'ch teams will work closely feasibility study of a ntially large industrial ation." which could lead nuch bigger contract with ch.

it is only one of several 'ch contracts Shell is fund- what Mr Harry Beckers. inator for research and opment, calls "looking for ws."

kers sees biotechnology big opportunity for new ess for the petrochemical . "I came to the con- n that I wanted the exper- n a broad scale." Biotech- y is still at the knowledge- ating stage, not at the on-orientated stage, he 'es.

d Rothschild, who held Becker's position during 1960s, had kindled cor- e interest in biotechnology cusing on one big target. vested heavily in the tech- y, building a fermentation atory at Sittingbourne. His t was bacterial protein from methane, for animal tuffs. Unfortunately, the g world price of soya meant it was a constantly ing target.

ckers brought in Dr Henk er, a senior Dutch nange the research objec- at Sittingbourne. Today, Dr Volger, as director of biotechnology, heads one of Britain's biggest teams in the business, of 90 scientific workers with a budget of about £3.5m.

The larger part of this budget is met from group research funds, in the search for new business opportunities, but part is met by Shell's operating divisions with specific problems they think might find solution in biotechnology.

The closest Shell comes today to the big biotechnology project is enhanced oil recovery. A field trial now being planned is expected to cost "tens of millions of pounds," to test a new way of extracting more oil from a well. "But just a small improvement can give you quite a big return on investment," Beckers believes.

Dr Volger's team has discovered microbes which can excrete long-chain molecules—biopolymers—soluble in water and capable of transforming it into a gelatinous goo. Such biopolymers, added to the brine pumped into a well to force out more oil once natural pressure has slackened, could turn it into a more solid "piston" pushing against the rivulets of oil.

Microbes

The problem for the biotechnologist is not merely to find microbes which excrete polymers with molecular weights of a million or more, but to find microbes which can survive and breed rapidly in dirty, salty water under hot, high-pressure conditions at the bottom of a well.

"We've got a set of patents on biopolymers," Dr Volger claims. But he believes that, to cover the range of operating conditions oil men encounter, he may need a family of perhaps five different microbes

While research continues in the laboratory, plans are taking shape for the first field trial, on an old field where temperatures are "not too hot."

Another target for biotechnology on the same sort of timescale is a development for Billiton, the group's metal extraction division. Dr Volger has discovered an organism with an appetite for metal, that might be used to extract commercially valuable metals from ores too lean to be worked economically by present-day methods.

He hopes to secure a process patent for one particular use of this organism, without having to be too precise about the way it works. The analogy, as he sees it, is the patenting of a process requiring a new catalyst without clearly specifying just what the catalyst is.

Shell scientists speculate on the possibility of finding organisms so choosy about what they eat that they will simultaneously extract and refine the desired metal. They speculate, too, on finding a microbe which might "eat" a metallic poison such as lead from the surface of precious metal catalysts, avoiding the costly recycling of spent catalysts.

About one-third of Volger's team of 90 are engaged on these two comparatively short-term objectives, funded by operating divisions. The other two-thirds are engaged in a longer-term programme which casts its net widely across company activities, from novel chemical products to the recycling of effluents and wastes.

They point to chemicals which are synthesised at present as optically active pairs—left—and right-handed versions—only one *of which has the properties* desired. The other is simply a wasted by-product which has to be separated. Biotechnology may be the way to make only the desired one of the pair.

Shell's targets include chemicals of considerable complexity, beyond chemical synthesis at present but potentially high in added-value if they could be made. But they also include much simpler chemicals the added-value of which is fast being eroded, for example, by soaring energy costs.

Shell has a research agreement with Gist-Brocades, in the Netherlands, Europe's second biggest fermenters of enzymes (after Novo). It understands the problems of scaling up biotechnology processes. Of three joint ventuers with Gist-Brocades, two are trying to add value to chemicals, and one is trying to use cellulose (biomass).

One sector of high added value chemistry the group is avoiding, however, is pharmaceuticals. "We're definitely not thinking of going into medicare." Harry Becker says.

But quite independently, Shell Oil in the U.S. is investing in Cetus, a Californian genetic engineering company, and its quest for commercial supplies of interferon from genetically engineered microbes.

But Royal Dutch-Shell has a growing interest in plant breeding and what genetic engineering might offer here. In the '70s Shell—big in agrochemicals—pursued the policy of selling farmers a "total system," says Beckers. It led the group to acquire plant breeding companies such as Rothwell Plant Breeders on Humberside, whose main products are new varieties of wheat and barley, and Bees Seeds for the consumer market.

Dr Volger believes it may now be possible to take single plant cells and modify them by the new tissue culture techniques to introduce entirely new characteristics—for example, resistance to specific pests and diseases, or greater tolerance to brackish water or inclement weather.

Six of his scientists are working on plant tissue culture. They are trying to take single cells of commercially valuable plants—small grain cereals in particular—and cultivate them from whole plants.

Again, group research strategy is to stay close to national centres of research excellence, such as the laboratories of the Agricultural Research Council. It is sponsoring research fellowships for work on cereals at ARC institutes. To quote one Shell scientist: "We're buying a seat to watch the race." *Next week: G. D. Searle.*

HARRY BECKERS: a big opportunity

Capstan attachment

THIS T500 tilt head six position self-indexing capstan attachment has been designed by Acrovu for use on lathes from 4½ in to 6½ in centre height (115mm to 165mm).

The company says that other features of the attachment include an accurate precision hardened and ground indexing mechanism with rectagular taper head head bolt moving between pre-loaded needle bearings; the turret head can rotate at 15 deg. on two heavy duty pre-loaded bearings which gives rigidity and maximum tool clearances over the back slide; turret holes may be bored out to take shank sizes from ¾ in to 1 in or to other special sizes.

Turret tool shank holes are bored on lathe to ensure absolute trueness to the lathe spindle; there is an extra long travel of 5 in and the tool shank clamps are not hardened to eliminate marking.

Acrovu is at 6, Burners Lane, Kiln Farm Industrial Estate, Milton Keynes (0908 563465).

Shearing device

USING an hydraulic instead of a mechanical drive, a shearing device designed by Mecana can stop distortion and projecting burrs at the end of metal billets.

The shears offer shearing forces from 1,000 to 12,000 kN at a working pressure of 160 bar and can be used for hot and cold cutting at adjustable speeds.

As well as cold shearing and rolling mill applications the design is suitable for continuous casting and forging lines. More from A. Johnson, Alliance House, 9, Leopold St., Sheffield (0742 737207).

Mullard series

THE use of deeper etched foils has allowed Mullard to scale down its series of single ended electrolytics. The result is the 035 series replacing the 034, which, the company claims, provide attractive replacements for tantalum types, particularly dipped versions.

Tube end former

ADDISON has introduced its Form-Master 35GP—a tube end former. It is described as the first of a range of machines being introduced at Addison's factory at Bamber Bridge, Preston, which was opened 16 months ago. More from 01-993 1661.

Competitors at last for Tandem

BY ALAN CANE

TANDEM COMPUTER, a U.S. company which has had a runaway success with a system which it claims never stops running, has competitors at last.

Three weeks ago, Stratus Incorporated of Natick, Massachusetts, announced a 32-bit system which, it claimed, had all the virtues of the Tandem system, total reliability, completely fail safe, the guarantee that its users will never be left in the lurch with a failed computer.

Emphasis

Now Computer Technology (CTC), a UK company with a high reputation for the technical quality of its products, has come into the market with a system called "Momentum." It claims it is the first UK company to offer a non-stop transaction processing system.

Tandem is being suitably generous about the new challenge. Mr John Lough, managing director of Tandem UK, said: "The more emphasis that is laid on high reliability systems, the better it will be for all companies providing these sorts of systems."

The puzzle is why Tandem has had it its own way for so long. One reason is price. Its systems, in which all the essential parts, processor, memory and data paths are duplicated, are expensive. About £200,000 would buy a useable system but the more likely starting price is £250,000.

Buyers so far have been organisations which could not afford any down-time on their systems, the Government Communications Headquarters at Cheltenham, the banks and so on.

Computer Technology is offering systems that start at much lower prices—£50,000 will buy a working system—and it is offering non-stop running—resilience, it calls it—across its entire range of computers from the small 8026 to the 8066 supermini.

Momentum is a series of hardware and software options which can be permed and combined to provide the degree of resilience the user wants and wants to pay for.

The database management system, for example, is able to monitor the progress of an applications program. If it fails, the deatabase is speedily, and automatically, returned to a consistent state—in other words, if the software fails, the system will get back to a safe point.

At the top end, maximum resilience is provided by paired processors and paired memory discs, mirror images of each other.

For the smallest system, the 8026, prices start at about £40,000. A completely resilient, paired processor 8026 system would cost in the region of £75,000.

A completely resilient paired processor system for the supermini 8066 would cost about £200,000, approaching the cost *of a Tandem system.*

CTL is part of the Information Technology group. According to Mr Robert Finch, its managing director, some 700 CTL systems have been installed since the company started some 10 years ago.

CTL has already installed some systems with full resilience including computers for the European Space Agency and British Transport Hotels. CTL installed the so-called "terrorist computer" for the Metropolitan Police, and it is thought that this is a fully resilient system.

CTL is on 0442 3272; Tandem's new London office is 01-628 0661.

ROBERT FINCH: 700 systems installed

HOW CTL COMPARES WITH TANDEM

	CTL	Tandem
Starting price	£50,000	£200,000
Start with single cpu	Yes	No
Fast recovery	Yes	Yes
Maximum cpus	2	16
Maximum input/output processors per cpu	64	1
Fully decoupled I/O processing	Yes	No
Operating systems	Modus	Guardian
Price	Bundled	£3,350
Database management system	DMS 8000	Enscribe
Price	£2,000	£4,000
Transaction processing monitor	TAD	Pathway
Price	£1,500	£4,700
Combine dp and word processing	Typelink	Editing facilities

Torchlight magnifiers available

A RANGE of torchlight magnifiers, of 10x and 15x magnification is now available from AMT Marketing and Sales, Little Oaks, 7, Oaklands Close, Shalford, Surrey (Guildford 60314). The product is 180mm long; standard 1.5 volt batteries provide the power.

The range is said to be ideal for use on sites where the background lighting is poor and for the inspection of components.

The 10x costs £8.25 plus VAT and postage and packing, and the 15x £15.40.

Tory line 'will prolong economic stagnation'

REPORTS BY MAX WILKINSON AND DAVID MARSH

The British economy will continue to remain in its "present chronic condition of sub-normal activity" if government policies go unchanged, the National Institute warns in its latest quarterly review.

It has extended its usual quarterly forecasts to make predictions five years ahead. It warns however that figures for 1983 onwards should only be taken as a broad outline of the probable effects of present policies.

The institute presents a general picture of stagnation over the five year period, with "no very marked tendency either towards recovery or further collapse."

The rate of retail price inflation is expected to fall to *10.7 per cent in 1982 and then* remain stable at 8 to 8.5 per cent thereafter. This, together with an expected increase of around 6 per cent in import prices during the next five years, should allow a partial improvement in profit margins, the institute believes.

During the period, output is expected to rise by an average of only 1½ per cent a year. This will be barely enough to absorb the underlying growth in productive potential so employment will hardly rise.

Since the number of people of working age will increase during the period, unemployment is expected to move up

SUMMARY OF THE FORECAST

	Real GDP (per cent change, year/year, 1975 prices)*	Real personal disposable income (per cent change, year/year)	Unemployment (fourth quarter million)†	Retail prices (per cent change year/year)	Public sector borrowing requirement (fiscal year £ billion)	Money supply (per cent change in sterling M3, fiscal years)
1981	−3.1	−2.3	2.8	12.0	11	11.5
1982	0.6	−1.0	3.0	10.7	11	9.5
1983	1.4	0.9	3.1	8.3	10	9
1984	2.1	1.3	3.2	8.0	7	8.5
1985	1.5	1.4	3.2	7.9	4	7
1986	0.9	1.1	3.4	8.0	2	6.5

* Output measure.
† UK, wholly unemployed, excluding school-leavers.

steadily to 3.4m. excluding school-leavers, by 1986. This implies that unadjusted totals including school-leavers could be approaching 4m.

The main reason for the sluggish growth of the economy, the institute says, is that there will be no source from which a large stimulus of demand will be provided.

Public spending, which was growing by about 2 per cent during the 1970s, is expected to remain around the same level throughout the forecast period. World trade growth is expected to be disappointing, so the total volume of UK exports will grow by only 3¼ per cent a year, compared with nearly 4¼ per cent a year during the 1970s.

The slow growth of exports and *public expenditure, which* together account for about half of the gross domestic product, means that any significant recovery in output would have to be provided by a policy stimulus or a "spontaneous renaissance of private demand."

In the National Institute model, *the forces which would* promote such a renewal of demand are "weak or non-existent," although monetarist theory suggests that strong automatic forces could tend to restore the economy to full employment.

The institute believes that the *decline in interest rates result*ing partly from lower public borrowing will provide a relatively small stimulus for an increase in private investment, which will remain depressed by the low growth of output and continuing excess capacity.

In the short term, the insti*tute believes that adjustments* to stocks to reflect the lower levels of demand still have some way to go.

It thinks the continuing high level of interest rates and the weak expectations of recovery will restrict the rebuilding of stocks to "a modest scale" providing the equivalent of a 2 per cent growth in GDP next year.

Consumer demand in 1982 is expected to be very subdued as a result of the cut in real incomes.

The proportion of disposable income which people save is expected to fall further—from 15.8 per cent in 1980 through 13.7 per cent this year to 13 per cent in 1982. It will then rise very slowly.

Next year the total of fixed investment is expected to fall for the third year running, with investment in manufacturing *particularly* weak. However, private sector investment in housing, which has fallen by 40 per cent since 1978, may start to pick up from next year, the institute believes.

Although the prospects for exports are believed to be relatively favourable by recent *standards, imports are expected* to rise substantially next year in spite of the low forecast for growth.

This is due to the increasing tendency for stockbuilding to be associated with a rise in imports. The institute says: "The average propensity to import *has been rising for many years* and the forecast assumes that this will continue, with imports of goods (excluding oil) rising roughly twice as fast as total final demand. This acts as a major drag on output growth."

However, in spite of increasing imports, the current account of the balance of trade is expected to show an increasing surplus, rising from £4.2bn this year to £4.5bn in 1982, then £7.5bn in 1983. Between 1984 and 1986 the average surplus is expected to reach £11.7bn.

Even excluding trade in crude oil, the current balance is expected to remain in surplus, although this will reduce to £700m next year before rising to £4.6bn by the 1984-86 period.

On the exchange rate, the Institute says that by the third quarter of this year, relative export prices were 4 to 5 per cent higher than at the end of 1979, although 5 to 6 per cent lower than a year earlier. Over the medium term it is expected that forces tending to raise the exchange rate will be roughly balanced by forces tending to lower it.

On monetary policy, the Institute says the probable outlook is that the target for sterling M3 will be exceeded this year, but that in future years the narrowing of the public sector deficit will enable the authorities to reduce short term interest rates without causing an unduly rapid growth of the money supply.

High interest rates cloud recovery

HIGH interest rates and tight fiscal policies are casting a cloud over prospects for recovery in the main industrial countries, the National Institute says in a report on the international outlook.

But chances of progress on the inflation front are improving. It forecasts that the average rate of consumer price inflation in the 24 members of the Organisation for Economic Co-operation and Development will fall from 10.5 per cent this year to 9.1 per cent in 1982, and 8.1 per cent in 1983.

Real gross domestic product in the OECD area is expected to grow 1.3 per cent this year—the same as last year—and accelerate slightly to 1.8 per cent in 1982 and 2.8 per cent in 1983.

The institute contrasts the present level of high real (inflation adjusted) interest rates with the position in the early 1970s when real rates of interest in the major countries were *generally falling and frequently* negative.

GROWTH OF GNP/GDP IN OECD COUNTRIES
(Annual percentage rises at constant market prices)

	U.S.	Japan	France	West Germany	Italy	UK	Total
1967-73	3.5	10.4	5.6	5.3	5.0	3.4	5.0
1973-79	2.5	4.1	3.0	2.4	2.6	1.3	2.7
1980	−0.2	4.2	1.2	1.8	4.0	−1.6	1.3
1981 (forecast)	1.8	4.0	0.0	−0.5	−0.5	−3.1	1.3
1982 (forecast)	1.0	5.0	2.5	1.0	1.0	0.6	1.8
1983 (forecast)	2.5	5.3	2.5	3.0	1.8	1.4	2.8
1983-86 (forecast	2.8	4.7	3.3	2.5	2.3	1.5	2.9

Source: OECD, Main Economic Indicators and National Accounts of OECD Countries, 1950-1979, vol. I, national sources, and NIESR estimates.

"Because of the implications for import prices and hence for inflation most countries are unwilling to accept large falls in their rates of exchange, especially against the dollar." This means interest rates tend to move together, with the U.S. setting the direction and pace.

Interest rates in the U.S. are expected to remain well above inflation up to the mid-1980s. But around 1982 or 1983 the nominal rate may fall back into single figures if expectations of gently declining inflation and reduced balance of payments pressures are fulfilled.

Some recovery in demand for investment in both fixed assets and stocks is expected. But although the recent rate of increase in consumer spending may be maintained, both public authorities' current spending and the foreign balance are likely to make a smaller contribution to real growth.

The institute says OECD unemployment, although very high, is probably still some way from its peak. This will have some impact on wage negotiations and hence help to slow down the inflationary spiral. It also foresees no more than a "modest boost" from the price of oil.

The oil price is expected to rise 3.5 *per cent in nominal* terms this year, implying a 2.5 per cent real decline. Thereafter the price is forecast to grow around 4 per cent a year in real terms.

The institute has slightly revised upwards its estimate for the rise in world trade in manufactured goods this year. But because a slightly greater fall is now expected for oil trade, total world trade, as before, is forecast to rise only about 1 per cent in 1981. This is predicted to jump to 4 per cent next year, with manufacturing trade rising by 5 per cent.

The combined OECD current account deficit is expected to fall from $74bn (£38.25bn) in 1980 and $35bn this year to only $2bn in 1982. Japan is forecast to enjoy a $24bn current account surplus next year, while the Opec surplus is forecast to decline to $86bn from $119bn this year.

Strongest growth prospects are projected in Japan, which is forecast to register a 5 per *cent GDP increase next year,* after 4 per cent this year and 4.2 per cent in 1980.

West German and U.S. growth is expected to total only 1 per cent in 1982 after a 0.5 per cent decline and 1.8 per cent growth respectively this year.

The institute forecasts no large changes in exchange rates between the dollar and European currencies. But the yen is likely to appreciate by 10 per cent by early 1982. Further currency realignments are likely in the European Monetary System — particularly between Germany and Italy.

Dollar leads D-Mark as major world trading currency

ABOUT 55 per cent of world trade is invoiced in dollars, with the next most-used currencies the D-Mark (14 per cent), sterling (7.5 per cent) and the French franc (6 per cent), according to an analysis by the National Institute.

The figures are based on information from Europe and Japan and estimates for other important countries.

The analysis suggests companies engaged in foreign trade have a strong preference for using their own currency or a restricted range of other currencies in an effort to avoid risk.

The resulting use of a mix of currencies tends to smooth adjustments to exchange rate changes. If all export transactions, for instance, were invoiced in an exporter's home currency, an exchange rate change would work through immediately by raising (or lowering) export and import prices denominated in foreign currency by the extent of the devaluation (or revaluation).

The mix of currencies means adjustments in trade volumes and prices are less rapid but the temporary very large effects — deep "J curves" which would be observed if all transactions were in exporters' home currencies — are avoided.

This diminishes the temporary strains on the trading system which result from currency changes.

In general, the countries with a high share in world trade use their own currency for more than half their exports, and the smaller European countries at about *half*.

For imports the own-currency shares are again higher for most larger countries, but only the U.S. appears to be above a half. Germany, Switzerland, the UK and France are all about 35 to 40 per cent.

The exact own currency shares (exports/imports) are U.S. 85 per cent/85 per cent; UK 76/38; Germany 82/43; France 62/36; Japan 33/2.

Strong endorsement of £5bn spending boost

THE INSTITUTE has provided an analysis of the effects of four different ways of injecting a *£5bn stimulus into the* economy, a policy which it strongly endorses.

It says that the most effective way to increase output and to reduce unemployment would be to use all the money to increase spending on goods and services. This would also be the most inflationary course.

After five years a once-for-all £5bn stimulus would have resulted in a cut of about 330,000 in unemployment, an increase of about 1.7 per cent in output and an increased budget deficit of 1 per cent of GDP.

Assumption

On the institute's assumption that wages are responsive to expectations and the level of unemployment, the price level would increase by 7 per cent.

On alternative assumptions that wages will increase in real terms in spite of high unemployment, however, the stimulus could increase prices by about 1.1 per cent.

If the money were used entirely to cut income tax, to cut indirect taxes or to reduce the national insurance surcharge, output would in all three cases rise by a little over 1 per cent after five years and unemployment would be cut by about *180,000 or 190,000.*

Difference

The main difference between these three possible strategies is that the income tax cut would scarcely affect prices while the *indirect* tax cut would reduce prices by 6.6 per cent and the National Insurance surcharge reduction would reduce prices by 5.4 per cent after five years.

Even on a pessimistic assumption, the indirect tax cut would result in a *small* reduction in prices after five years.

FT COMMERCIAL LAW REPORTS

No damages for delayed repairs

ASTILLEROS CANARIOS SA v CAPE HATTERAS SHIPPING CO INC
Queen's Bench Division (Commercial Court): Mr Justice Staughton: November 20 1981

WHERE a shipowner is partly responsible for a delay in the repair of his ship, he is disentitled from claiming as liquidated damages a fixed sum named in the repairing contract to be paid by the repairers in the event of delay.

Mr Justice *Staughton so held* when giving judgment for the plaintiffs, Astilleros Canarios SA, ship repairers, and dismissing a counterclaim by the defendants, Cape Hatteras Shipping Company Inc, owners of the ship Cape Hatteras, in a claim for the cost of repairs to the Cape Hatteras.

* * *

HIS LORDSHIP said that the repairers owned a shipyard at Las Palmas in the Canary Islands. As shiprepairers they enjoyed two valuable rights under English Law. First, they had a possessory lien in that they might retain in their yard a ship which they had repaired, until the bill was paid. Secondly, they had a right to bring an action in rem against the ship at a later date, provided that the person who contracted for the repairs was still the owner or demise charterer of the ship.

In respect of their claim for the cost of repairs to the Cape Hatteras, the repairers did not seek to exercise either of those rights. They relied on a third, of more recent origin, called the Mareva injunction. It was said that there was some insurance moneys payable to the shipowners in the United Kingdom, and an order was made in 1979 *that any such moneys should* remain within the jurisdiction until trial of the present action.

*

In May 1976, while on a ballast voyage from Port Harcourt to Europe, the Cape Hatteras suffered engine trouble. In particular, the crankshaft bearings overheated, and the crankshaft was damaged. *After a period of* negotiations the work was entrusted to the repairers and was carried out at their yard. Repairs were not completed until September.

As well as carrying out the engine work, the repairers supplied goods and services in respect of drydocking, cleaning and *painting, modifications for* the St Laurence Seaway and ancillary services for repairs carried out by the crew. They did not seek to exercise a possessory lien, and no payment was made before the vessel left the yard, or had been made at any time since. The repairers now claimed a total of Pta 13.51m *for the goods and services* supplied. The shipowners counterclaimed for liquidated damages for delay, and the issue on that counterclaim was whether the repairers were liable, and if so, in what amount.

The contract provided that for every day beyond June 20 that the work had not been completed, the repairers should pay $1,200 to the shipowners. It was admitted that the repairs were not completed until September 21, so that prima facie the repairers were liable for 92 days' delay, totalling $110,400.

Mr Gross, for the repairers, argued that if the shipowners had contributed to any part of the delay, they were thereby disentitled from claiming that amount as liquidated damages. *It might be that they would be* entitled to claim unliquidated damages on proper proof as to the loss they had suffered, but they had not sought to discharge that burden.

That argument, though at first sight somewhat implausible, was soundly based in law. In *Holme v Guppy (1838) 3 M & W 387*, the court took the view that contractors who had agreed to do work in four and a half months ending on August 31, were entitled to "those four months and a half, within which they could work a greater number of hours a day." They were disentitled by the employer "from the per*formance of that contract.*" Baron Parke emphasised the "*that.*"

*

The law might have developed in such a way as to draw a distinction between the hours of a day worked by carpenters and joiners in Liverpool in 1836, on the one hand, and those worked by ship repairers in Las Palmas in 1976 on the other. But it had not. Later cases showed that, if completion by the specified date was prevented by the fault of the employer, he could recover no liquidated damages unless there was a clause providing for the extension of time in the event of delay caused by him. If the contractor was prevented by the employer from doing what he (the contractor) had undertaken to do, the courts would not make another and different contract for the parties, providing for an extension of time, if the parties had not chosen to do so for themselves.

There might perhaps be a qualification to that principle where the repairers, before any delay was caused by the shipowners, were inevitably doomed not to complete on time, but that point did not have to be decided in the present case.

It still had to be considered *whether there was any delay* caused by the shipowners' conduct, such as ordering extra work. On June 9 the crankshaft was sent by the repairers on its way to another yard at Barcelona. It got as far as Tenerife, then the shipowners complained that that had happened without their approval and required the crankshaft to be brought back. That was on June 12, and the repairers agreed to bear the expenses involved.

*

The conduct of the shipowners in requiring the crankshaft to be returned without repair from Barcelona, even if it was lawful in all respects, did delay the overall progress of the repairs covered by the contract. So did their conduct at a later stage in eventually requiring the crankpins to be ground in Barcelona.

Accordingly, the principle established by the authorities, that no liquidated damages could be claimed for delay if completion was in part delayed by conduct of the employer, was applicable in the present case. Had the parties wished to avoid that result, they could and should have inserted, in the contract, a term that the agreed *date for completion should be* extended in the event of delay caused by the shipowners. The counterclaim should be dismissed.

Judgment for the repairers.

For the repairers: Peter Gross (Hill, Dickinson & Co)

For the shipowners: Alan Pardoe (Elborne Mitchell & Co)

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

THERE IS no more popular owner-breeder operating under Flat and National Hunt rules than Mr Jim Joel. There will be plenty of racegoers at Newbury today hopeful of seeing *the octogenarian add to his* formidable tally on the course through Brave Hussar and Beechey Bank.

Brave Hussar will be the first to take the field, facing 20 opponents in the opening division of the Freshman's Novices' Hurdle. The three-year-old's stable companion, Nutty Slack, will almost certainly be favourite.

Brave Hussar is a former inmate of Henry Cecil's Warren Place stables from which Fairy Footsteps went out to land last spring's 1,000 Guineas for Mr Joel. Brave Hussar will be all the better for a recent first public experience of the jumping game and he seems sure to go well in the hands of Steve Knight.

I suspect that he will provide better each-way value than Andy Turnell's preferred mount, Nutty Slack, who has found one too good on each of his three most recent appearances.

Beechey Bank is attempting to give 6 lbs to his four opponents in the two miles Oxfordshire Chase now that Washington Heights has been withdrawn in favour of the course winner Rusthall. Beechey Bank has been improving steadily and it cannot have come as a surprise to many when he opened his account for the season after taking advantage of a major concession from Royal Judgement at Sandown last month.

However, he too has a formidable task in front of him as he sets out to give weight to the lightly-raced Gay Invader.

Much though I would like to see Beechey Bank complete a *double for Mr Joel*, Gay Invader is likely to prove too big a stumbling block. This recruit to Uplands from Mr Arthur Stephenson's Bishop Auckland stable seems to be back to full fitness after a lengthy spell on the sidelines.

At this afternoon's other meeting, Leicester, the Nicholson-Scudamore momentum should be continued through Peter Anthony and Polar Express. Their Critical Times will be a warm order for Selby Chase, but there I intend taking a chance with Drumglass.

In the Waltham Handicap Hurdle it is just possible that Fob, out of the frame on his five most recent appearances will be the one to cause the day's major upset. Fob invariably reserves his best for this track.

NEWBURY
1.00—Brave Hussar***
1.30—Moonlight Express
2.30—Gay Invader*
3.00—Classified

LEICESTER
12.45—Peter Anthony
1.45—Polar Express
2.15—Drumglass
2.45—Fob**

TELEVISION

Chris Dunkley: Tonight's Choice

Most of tonight's choices are on BBC-2. Newsweek examines the question of trade union law. In 1974 the Conservatives came to power promising to "redress the balance" between "the rights and duties of the trade union movement." Now, 15 months after the Employment Act became law, the Government is introducing further legislation. But will it be enough to deal with all the remaining difficulties?

The Grudge Fight in "Playhouse" is based on John Hale's novel and set in a Royal Naval Training Establishment in Cornwall in 1941. Two young apprentices take a dislike to one another on the way to the camp. Pike is the son of a naval lieutenant who committed suicide before he had to face a possible court martial, and he has joined the Navy to vindicate his father; while Brooks comes from a background where service life is natural.

Friday Night Saturday Morning, no longer wrapped round Newsnight, is presented by Maria Aitken, one of those enviable people who seem to have everything: brains, looks, and professional talent—in her case acting.

BBC 1

9.00 am For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 The Flumps. 2.02-3.00 For Schools, Colleges. 3.20 India. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Undercover Elephant. 4.25 Jackanory with Martin Jarvis. 4.40 Captain Caveman. 4.50 Crackerjack. 5.35 The Amazing Adventures of Morph.
5.40 News.
6.00 Nationwide (London and South East only).
6.22 Nationwide, including 6.45 Sportswide.
7.00 Whatever Happened to the Likely Lads?
7.30 Terry and June starring Terry Scott and June Whitfield.
8.00 Kessler.
8.50 Points of View with Barry Took.
9.00 News.
9.25 Starsky and Hutch starring Paul Michael Glaser and David Soul.
10.15 On the Town (London and South East only).
10.45 News Headlines.
10.50-12.35 am The Late Film: "Ned Kelly" starring Mick Jagger.

BBC 2

11.00 am Play School.
3.55 pm Pro-Celebrity Golf.
4.45 War at Sea.
†5.35 "Tarzan's Secret Treasure" starring Johnny Weissmuller.
6.55 News Summary.
7.00 Oxford Road Show.
7.40 Hold Down a Chord.
7.55 In the Country.
8.25 Newsweek.
9.00 The Mike Harding Show.
9.30 Playhouse.
10.45 Newsnight.
11.30-12.25 am Friday Night Saturday Morning.

LONDON

9.35 Schools Programmes. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 100 per cent Responsibility. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Taff Acre. 2.00 After Noon Plus: The Rt Hon Edward Heath talks about his politics and philosophy. 2.45 pm Friday Matinee: "The New Love Boat." 4.15 Bone for a Bone. 4.20 Storybook International. 4.45 The World Gymnastics Championship at the Olympic Sports Complex, Moscow.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Survival Special.
8.00 Bruce Forsyth's Play Your Cards Right.
8.30 That's My Boy.
9.00 The Gentle Touch starring Jill Gascoine.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.35 Police 5 with Shaw Taylor.
11.45 Strumpet City starring Cyril Cusack.
12.45 am Close: Personal Choice
† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

12.30 pm Fit for Living. 1.20 Anglia News. 2.00 Houseparty. 12.25 Friday Film Matinee: "Uncle Silas," starring Jean Simmons. 6.00 About Anglia. 11.00 Members Only. 11.30 Friday Late Film: "The Fourth Sex" (TV movie). 1.10 am It's All In The Opera.

ATV

12.30 pm Fit for Living. 1.20 ATV News. 2.45 Movie Matinee: "An Inspector Calls" 6.00 ATV Today. 10.30T Going Out. 11.00 ATV News. 11.05 Thriller: "The Fear Is Spreading."

BORDER

12.30 pm Fit for Living. 1.20 Border News. 2.45 Matinee: "Floods of Fear" 6.00 Lookaround Friday. 6.30 That's Hollywood. 10.30 Issue. 11.00 Roots. 11.30 Border News Summary.

CHANNEL

12.30 pm Fit for Living. 1.20 Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "The Mask of Alexander Cross." 6.00 Channel Report. 6.35 Laurel and Hardy in "Angora Love." 10.28 Channel Late News. 11.05 Friday Late Night Movie: "Whoever Slew Auntie Roo?" 12.40 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 12.30 pm Fit for Living. 1.20 North News. 12.45 Friday Matinee: "Take My Life." 6.00 North Tonight including Sports Desk. 10.30 Feature Film: "The Widow Couderc." 12.10 am North Headlines, Road Report and Area Weather Forecast.

GRANADA

11.54 am The Bubbles. 12.30 pm Fit for Living. 1.20 Granada Reports. 2.00 Live from Two. 2.45 Friday Matinee: "Jacqueline," starring John Gregson. 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.00 Kinvig. 11.30 The Late Film: "Twins of Evil," starring Peter Cushing.

HTV

12.30 pm Fit for Living. 1.20 HTV News. 2.45 Modern Madcaps. 2.50 "Only With Married Men." 6.00 Report West. 6.30 The Longest River. 10.28 HTV News. 10.30 Report Extra. 11.00 "The Oklahoma Kid," starring James Cagney.

HTV Cymru/Wales—As HTV West except: 10.48-11.03 am Y Byd Ai Bethau. 11.34-11.49 About Wales. 11.50—12.00 *Cartoon Time.* 12.00-12.10 pm Ffalabalam. 1.30-2.00 Happy Days. 4.15-4.45 Mwmai Ifainc, Yr Affrig. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre. 10.30-11.00 Outlook.

SCOTTISH

12.30 pm Fit for Living. 1.20 News and Road and Weather. *2.45 Friday* Matinee: "In Name Only." 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Ways and Means. 11.00 Thriller: Killer With Two Faces. 12.20 am Late Call.

SOUTHERN

12.30 pm Fit for Living. 1.20 Southern News. 2.00 Houseparty. 2.25 "Anatomy of Seduction." 6.00 Scene South East (South East Area only). 6.30 Out of Town. 10.35 "Bluebeard," starring Raquel Welch.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 12.30 pm Fit for Living. 1.20 North East News and Lookaround. 2.45 Friday Matinee: "All Coppers Are . . ." 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Friday Live. 12.00 Superstar Profile. 12.30 am The Three Faces of God.

ULSTER

12.30 pm Fit for Living. 1.20 Lunchtime. 2.45 Friday Matinee: "The Intruder." 4.13 Ulster News. 5.15 Survival. 6.00 Good Evening Ulster. 10.30 Witness. 10.35 Lou Grant. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Fit for Living. 1.20 Westward News Headlines. 2.45 The Friday Matinee: "The Mask Of Alexander Cross." 6.00 Westward Diary. 10.32 Westward Late News. 11.05 Friday Late Night Movie: "Whoever Slew Auntie Roo?" 12.40 am Faith for Life. 12.45 West Country Weather and Shipping Forecast.

YORKSHIRE

12.30 pm Fit for Living. 1.20 Calendar News. 12.45 Friday Film Matinee: "Snowbound," starring Herbert Lom. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 11.00 Friday Night Film: "Traffic," written by, directed by, and starring Jacques Tati.

RADIO

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 Paul Burnett. 3.30 Steve Wright. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.02 pm Sports Desk. 12.03 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton. 5.45 News; Sport. 6.00 Don Durbridge with Much More Music (S). *8.00 Victor Silvester Jr* and his Orchestra at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 Marks in his Diary. 10.30 The Bing Crosby Show. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

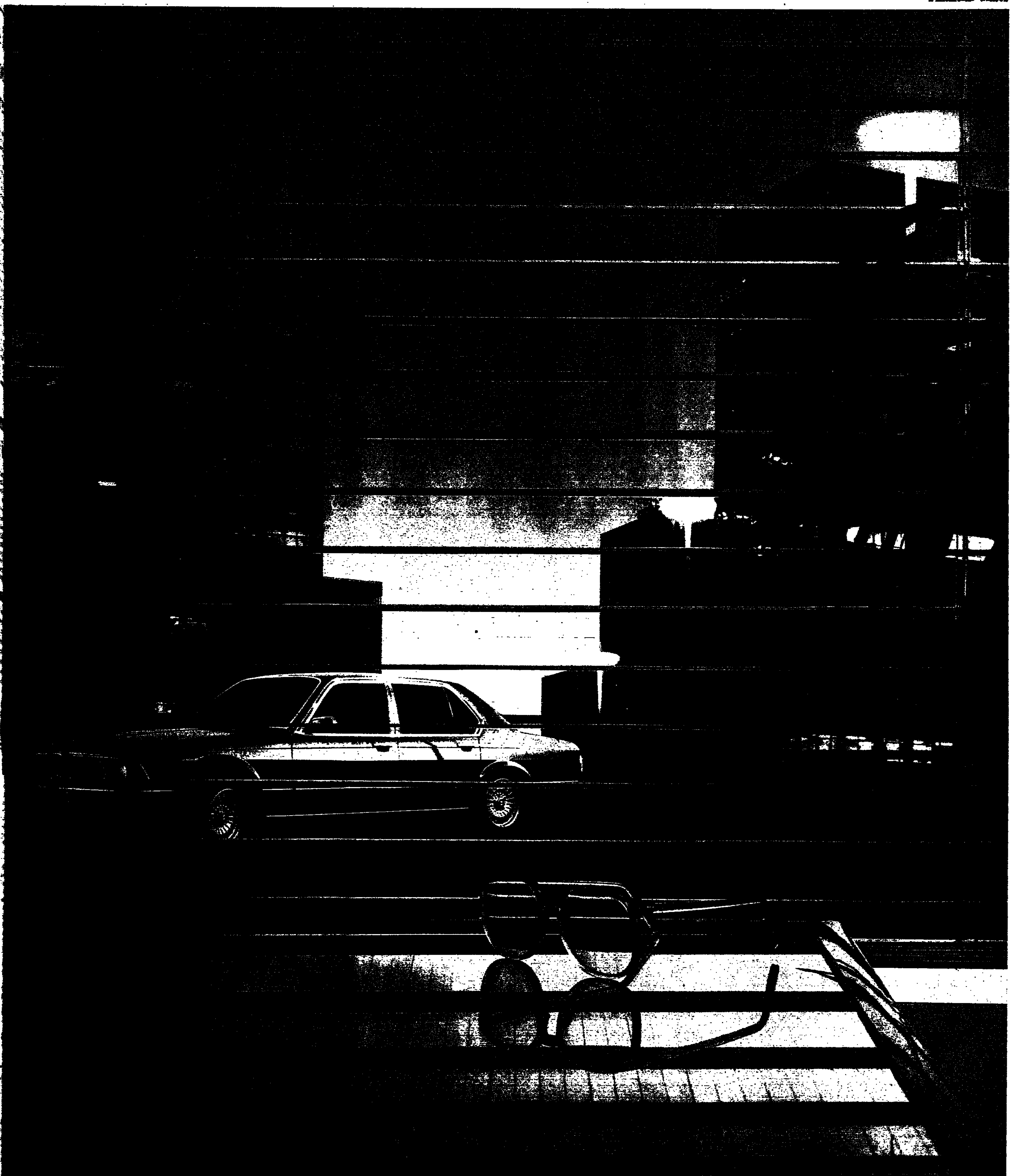
RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Malcolm Williamson (S). 10.00 Vivaldi and Pisendel chamber music recital (S). 10.35 Song Recital (S). 11.15 Gerd Seifert (S). 12.05 pm BBC Northern Symphony Orchestra concert, *Part 1* (S). 1.00 News. 1.05 Concert, Part 2 (S). 1.50 Cummings Trio (S). 2.35 Mendelssohn's "Te Deum" (S). 3.15 Williamson and Maw (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play it Again (S). 7.00 Brahms (S). 7.30 Lindsay String Quartet recital, Part 1 (S). *8.10 Songs of Zion. 8.30 Recital,* Part 2 (S). 9.10 BBC Scottish Symphony Orchestra (S). 10.10 Souvenirs of Chabrier (S). 11.0 News. 11.05-11.15 Romeau (S).

Medium Wave as VHF except: 7.05-11.15 am Cricket: First Test, England v India at Bombay.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 A Sideways Look at . . . by Anthony Smith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 You the Jury. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 The Senior Partner. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.05 Poetry Please! (S). 4.15 Herbs. Useful Plants. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Glyn Worsnip with recordings from the BBC Sound Archives. 12.00 News.



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THE PROPERTY MARKET

BY MICHAEL CASSELL

Eagle Star joins in £25m offices plan

CRUDEN DEVELOPMENTS and Eagle Star Properties are next week expected to sign a financial package which clears the way for a £25m office development scheme in the centre of Uxbridge, Middlesex. Under the agreement, Eagle Star will be freeholders of the development.

The scheme, which forms part of a comprehensive redevelopment of the site adjacent to Uxbridge underground station, will provide 170,000 sq ft gross of office floorspace on 10 floors. Alders of Croydon have consent for a 200,000 sq ft department store on land next to the office complex.

The news comes shortly after the revival of plans by Sun Alliance Insurance to redevelop another part of the town's central area. The insurance group and Hillingdon between them own most of the 3½ acres of land required for the scheme, which would include a 164,000 sq ft net office complex. Plans will not, however, be considered until after Christmas and it could be two years before work begins.

The Cruden-Eagle Star project is scheduled to start next March and should be completed by 1984. The finished product should provide the area with quite a landmark: the office tower will be the tallest structure in the town and will be clad in silver, reflective glass.

The assembly of a financing package by Cruden and Eagle Star represents something of a milestone in the development aspirations of both partners.

Eagle Star's property arm is already heavily committed to several major development schemes, but many of them represented a legacy from the takeover of Bernard Sunley Investment Trust.

Among the former Sunley schemes now being pursued are the refurbishment of Old Change House, the 86,000 sq ft Cannon Street, City, office building, an 80,000 sq ft development in Fetter Lane and the new 86,000 sq ft office scheme—pre-let — at New Hibernia Wharf on the south bank of the Thames.

The deal is also a notable step for Cruden, which is now currently involved in a nationwide development programme worth around £150m. The group is currently involved in shopping schemes in Inverness, Dunfermline and Cheltenham and has recently finished a City of London office development. A 70-acre industrial scheme at Worton Grange, Reading, is being carried out in conjunction with Haslemere Estates.

Richard Ellis advised Cruden on the funding and Pepper Angliss and Yarwood acted for Eagle Star. Together with Farr Bedford they are retained as letting agents.

Amsterdam loses its sparkle

ST MARTINS PROPERTY Corporation—financial muscles bulging from under the discreet veil of its Kuwaiti owners—is rapidly stepping up its overseas investment activity.

That is the clear message to be drawn from a look at the current investment scene in Holland, where the scope of St Martins' "seek and secure" operation is extensive enough to deny it the sort of anonimity which it prefers.

In its latest transaction, it appears as though the company—taken over by the Kuwait Investment Office in 1974—has just paid around 27m guilders for an office building at Amstelveen to the south of Amsterdam.

The low-rise property, built in the early 1970s and with about 8,000 sq m of floorspace, is let to Hewlett Packard, the U.S. computer group, at a rent of nearly Fl 2m a year, showing an initial yield of about 6 per cent.

It is understood that two further office acquisitions in the Hague, worth nearly Fl 50m between them, are now being added to the list. The purchases follow the earlier acquisition of another smaller office scheme—partially occupied by Continental Illinois Bank—close to the Rijksmuseum.

Not surprisingly, St Martins is only interested in prime, modern space and, along with its competitors, is finding it extremely tough to find the right type of property. Interest in Dutch real estate on the part of overseas investors has, if anything, increased in a period when the local property market is looking distinctly ragged around the edges.

Pan European, the joint investment vehicle which has the UK nationalised industries within its ranks, is also in the marketplace, as is the UK Post Office's own pension fund.

Despite the mixed fortunes of the lettings market in Holland's major centres, demand for prime investments—in what is a comparatively small market—remains strong and most agents believe interest is likely to increase still further during 1982.

The secondary investment market has, however, changed significantly over the past year. According to Abraham de Koning of Jones Lang Wootton in Amsterdam, the high-yielding secondary market has been very active with the majority of interest coming from the local institutional market.

While prime yields stand firm at around 6 per cent, agents report yields on secondary warehousing and office property running to 8 per cent, 9 per cent or as high as 11 per cent.

John Selman at Richard Ellis sees the secondary market a little differently: "The widening gap between the prime and secondary markets is the major feature of the current scene. In some circumstances there are just no buyers at all for secondary property.

"It has become very clear that the property trader as such has now fallen out of the market altogether. The man who made his living buying in secondary property from the pension funds and modernising it before selling on can no longer get mortgage bank finance at rates which make sense."

As for the current lettings market, the Amsterdam scene appears flat, with rents just about managing to keep up with inflation (7 per cent) and few indications that demand is going to pick up.

The recent annual take-up rate in Amsterdam has been around 100,000 sq m (with the Hague not far behind) and although some agents hope the figure will have been repeated this year, others are less optimistic and believe the figure could fall still further in 1982.

One of the central area's few new, major office schemes—the Ariel (half-owned by Wimpey Property) development on the Vijzelgracht—has just been let by Richard Ellis as banking and insurance space for around Fl 300 a sq m per annum. Really top rents for small suites (up to 500 sq m) command Fl 350-400. Competition to find tenants for new schemes has pushed down some asking rents as low as Fl 250 a sq m.

A great deal of the interest which does exist is continuing to shift away from the heart of Amsterdam to the south, with the result that substantial numbers of canalside properties in the centre (picturesque but invariably impractical) can provoke no interest whatsoever.

Development activity to the south is stepping up and the World Trade Centre proposals are finally taking shape. Work on the 67,000 sq m complex at Nieuw Zuid is underway and should be ready in three years. The vast 83,600 sq m Holendrecht Centre is also in progress and the first 25,000 sq m will be complete next May.

Amsterdam's relatively poor overall showing also extends to the retail market, which is taking a battering at the hands of falling disposable incomes. Prime shopping streets like the Kalverstraat and Nieuwandijk — looking distinctly down at heel despite the Christmas lights—have a large proportion of units available on the market with few takers. Rents have dropped and some agents believe they will fall still further.

The industrial market is showing all the signs of economic depression, with warehouse development almost at a standstill. But perhaps the worst-hit sector of all is the residential market—one in which the Dutch banks and institutions play a major role.

Property prices have tumbled while interest rates have climbed and many borrowers, expected to renegotiate loans at five-year intervals, are facing big increases in loan repayments on homes with falling capital values. To cap it all, there is fresh talk of moves to cut the generous tax relief levels available to home-buyers.

Crown Agents sell out in Australia

THE INTERNATIONAL race to buy the Australian portfolio of properties owned by Crown Agents has already started, even though the formal invitation for bids went out only yesterday.

Jones Lang Wootton, which is handling the sale, has received inquiries from within Australia and from the UK, Singapore, Hong Kong, Japan and the Middle East for the whole portfolio, which, with a market value of around A$400m (£240m) is one of the biggest offerings on the international property market in recent years.

The Crown Agents intention to sell—disclosed a fortnight ago—is an attempt to exploit the boom conditions which exist in the Australian market, where values have doubled in the past two years.

"This is the first opportunity to realise this property without making a loss," Mr Sidney Eburne, Crown Agent's chairman, said yesterday. Had the properties been sold three years ago, the Crown Agents say they would have made a loss of £50m.

The buildings are held by Abbey Capital Holdings, a subsidiary of the Crown Agents Holding and Realisation Board which was set up to sort out the mess left in the wake of a disastrous flirtation with the property and secondary banking sectors during the late 1960s and early 1970s. The escapade led to losses of over £200m.

There are 10 properties in all, seven in Sydney, one in Wollongong and two in Melbourne, which produce a combined annual income approaching A$20m.

They comprise 134,294 sq m of office accommodation, 48,293 sq m of retail accommodation, which includes two department stores and two supermarkets and a major international hotel—the Sydney Hilton.

On present market values the properties yield just under 5 per cent, but if all leases were at current market rates, the yield would be 7 per cent. Most of the leases will be renegotiated in 1982-83.

A successful sale, at around A$400m, would leave the Crown Agents with a clean sheet on their Australian property developments. At the moment they are paying interest charges which are expected to be A$28m in 1981 and A$32m in 1982.

In theory any net profits from the sale would revert to the Government, which in the 1970s provided the Crown Agents with £175m to stave off its immediate financial crisis. With the Australian properties gone, the Crown Agents active involvement in the property market will have ended—no doubt to the considerable relief of those involved.

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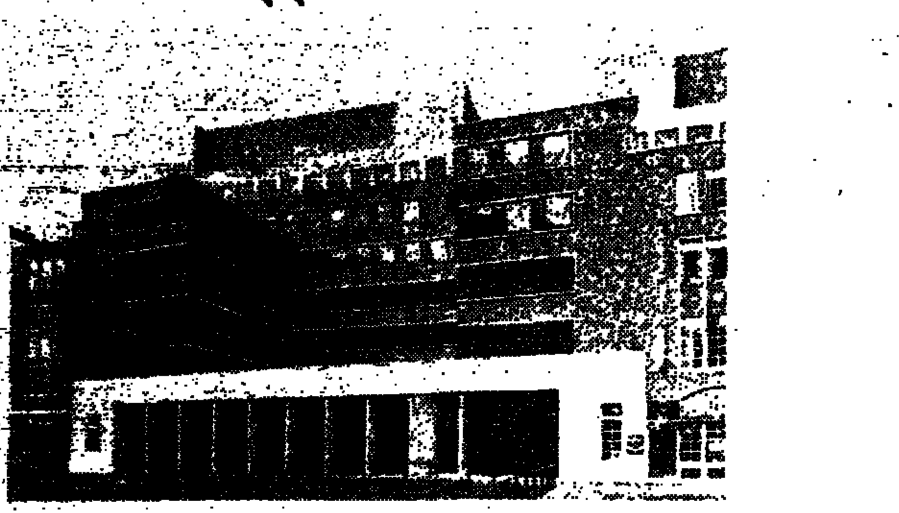

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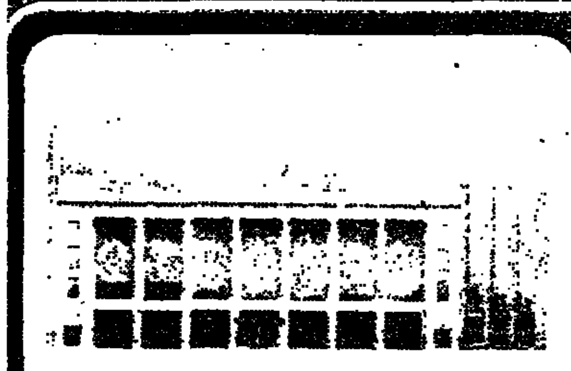

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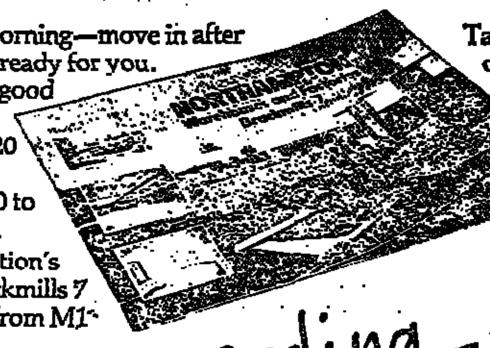

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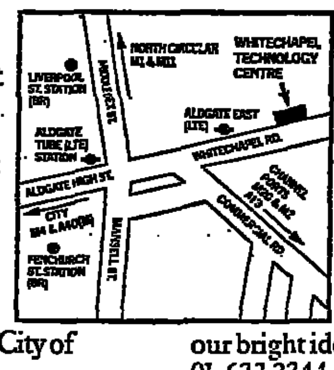

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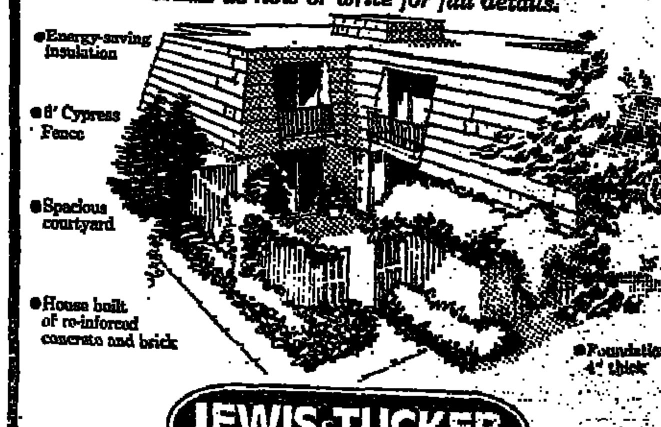

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Telephone: 01-629 5101. 7 days a week.

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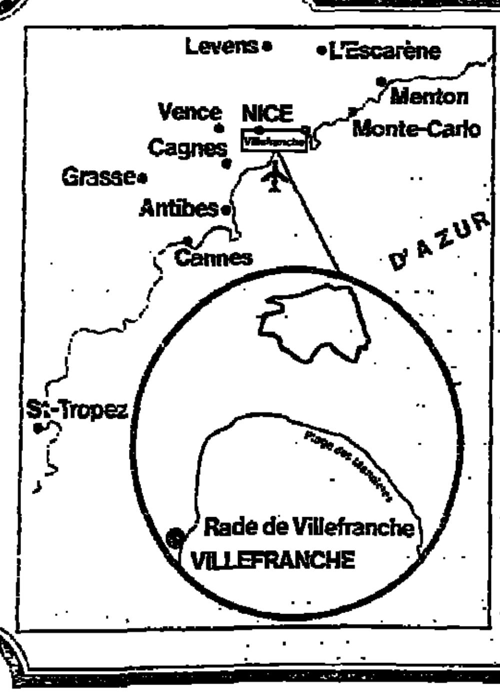

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Alain Wutcher

HISCO S.A.

22, avenue Luserna, 1203 GENEVA

Tel.: 022/45.73.80

Telex: 289623 ECO CH

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For further information write to W. R. Generalhau, Postfach [illegible] 8057 Zurich or telex [illegible]

FACTORIES AND WAREHOUSES

APPOINTMENTS

Managing director for BR Engineering

Mr Philip A. Norman has been appointed managing director of BRITISH RAIL ENGINEERING, BR's engineering and manufacturing subsidiary employing over 35,000 staff in 13 main workshops. He comes from John Brown and Company, Coventry, where he was chief executive of the machine tools division, and succeeds Mr I. D. Gardiner, whose appointment as director of engineering, BR headquarters, was announced earlier this year.

★

Mr J. D. Oakley has been appointed a non-executive director of GARDNERS TRANSFORMERS.

★

Dr Jack Birks has accepted an invitation to become chairman of CHARTERHOUSE PETROLEUM when he retires as a managing director of British Petroleum in the spring. He will succeed Mr Malcolm Wells who will be retiring from the board.

★

Mr Brian Standring has been appointed to the board of LOMBARD VENDING SERVICES a member of the Siemssen Hunter Group. He joined the company in January as sales and marketing director.

★

Ms Eleanor Bursk has been appointed to the board of TAMLINT PROMOTIONAL SERVICES (Meter-Ads) as director of administration.

★

Former Advisary, Conciliation and Arbitration Service chairman **Mr Jim Mortimer** is to join the board of YORKSHIRE TELEVISION next month. Mr Mortimer, who retired from ACAS earlier this year, is senior visiting fellow in industrial relations at Bradford University.

★

Mr Andrew Flowers has been appointed a director of CONOCEAN INTERNATIONAL ADJUSTERS COMPANY.

★

MANUFACTURERS HANOVER TRUST COMPANY, London, has appointed **Mr Edward Charles** as assistant vice president.

★

Mr John H. Falh, senior vice president and western hemisphere division manager, has moved to London and assumed the additional title of general manager of the London branch of REPUBLICBANK DALLAS, following the return to Dallas of Mr Horton P. Kennedy.

★

Mr J. C. Armstrong has been appointed assistant managing director of THE BRITISH ALUMINIUM COMPANY.

★

Mr James Lee and **Mr John Murphy** have joined the board of MADAME TUSSAUD'S as non-executive directors.

★

Mr Jack Eccles has been appointed a member of the ENGLISH INDUSTRIAL ESTATES CORPORATION for a further period of three years from March 24 1982. He is the regional secretary in Lancashire of the General and Municipal Workers Union.

★

Mr A. Henry Lyons has been appointed a director of BUILDERS AMALGAMATED COMPANY, a member of the Trafalgar House Group.

★

Mr Geoffrey Field, a manager in the special services department of Robson Rhodes, has been seconded to the DEPARTMENT OF HEALTH AND SOCIAL SECURITY SERVICES for a year as chief internal auditor. His responsibility is to set up a new internal audit service for the Department following recommendations by the Treasury Select Committee and the Public Accounts Committee.

★

The Economic Forestry Group has appointed **Mr J. A. Dickson** as chairman of FOREST THINNINGS, the group's marketing subsidiary. He was formerly director-general and deputy chairman of the Forestry Commission until his retirement in 1976.

★

Mr Kenneth Peter has been appointed chairman of TRAFFIC COMMISSIONERS for the East Midland traffic area from December 9 to succeed Mr Cecil Sheridan who is retiring. Mr Peter is currently chairman of the Traffic Commissioners and Licensing Authority for the Eastern traffic area and will continue to hold that appointment. Mr Sheridan has agreed to serve as an additional deputy chairman in the East Midlands for the time being.

★

Mr W. F. E. (Bill) Price has been appointed managing director of BALTERLEY BATHROOMS.

★

BRITISH GAS has appointed **Mr Fred Byatt** as headquarters manager, audit and investigations. He will be responsible for audit and investigations at all headquarters locations, including activities covered by the Corporation's subsidiary companies

★

Mr J. Brian Holford has been appointed to the board of THROGMORTON SECURED GROWTH TRUST.

★

MONEY CONTAINER MANAGEMENT has made the following appointments: **Mr David Money-Chappelle**, managing director, **Mrs June R. Lamming**, leasing director, and **Mr Barry P. Kernon**, financial director.

★

Dr Alan Robertson, a director of ICI, has been appointed chairman of the BRITISH NUTRITION FOUNDATION.

★

KIRKBY CENTRAL has appointed **Mr Tony Marsh** as truck sales director.

★

Mr Tony Howitt, senior consultancy partner of Peat, Marwick, Mitchell and Company, management consultants, has been appointed senior vice chairman of the BRITISH CONSULTANTS BUREAU (BCB). He is believed to be the first chartered accountant and the first management consultant to hold office with the BCB.

★

Lord Marshall of Leeds has become a member of BRITISH RAIL PROPERTY BOARD.

★

Mr Ken Pierce, director and general manager of Metlex Industries, has been apointed to the board of DUDLEY INDUSTRIES. Dudley Industries director and general manager Mr P. R. Brier has been appointed to the Metlex board. Both companies are members of the Initial Services Group.

★

Mr David Jeacock has been appointed group solicitor at FISONS.

★

Mr Michael Hoare will be leaving the partnership of W. N. MIDDLETON & CO., stockbrokers, in December before joining C. HOARE & CO.

THE MANAGEMENT PAGE

Keron Bhattacharya explains why the disconcerting concept of corporate life cycles should be used as a key management tool

How companies can escape degeneration and death

THE IDEA that products go through a life-cycle, from difficult birth through growth to maturity and death, has become part of the common language of well-run companies. But it is altogether more controversial to argue that whole companies go through precisely the same cycle.

In the longer run, they do. The only essential difference is that, through effective management of its business portfolio, a company can enjoy a much longer life than an individual product or business can. The length depends entirely on the quality of a company's management—to quote Theodore Levitt of the Harvard Business School "there is no such thing as a growth industry. There are only companies organised and operated to create and capitalise on growth opportunities."

As in the product life cycle, a company goes through four main stages. They are:

1—Early struggle.
2—Period of motivation.
3—Period of complacency.
4—Period of degeneration.

There is a fifth stage but that is more of an epitaph.

The period of early struggle is akin to "?" in the Boston Matrix. The company at this point is in its embryonic stage. Success remains only as a possibility.

The period of motivation occurs when the experience has been accumulated, the costs have been reduced, the market share has been increased and the market dominance has been established. In the field of experience the company is going through a phase of strong leadership, pride and the desire to do well. Everything therefore is going well. It is a "star."

Key characteristics at this stage are:

(a) The profit rate is very high; (b) The organisation is highly efficient; (c) Communication is strong both top-down and bottom-up; (d) Management is shrewd, able and highly professional; (e) Direction is strong and effective; (f) Motivation among the workforce is high; (g) Profit is ploughed back; (h) The growth rate is dramatic.

Using the Boston terminology the whole company at this stage can be termed a Star.

(Examples: Apple Inc in the U.S., Amstrad in the UK.)

The Motivated period is finite and is followed by **a period of Complacency**. The length of the Motivated period is variable; depending on the management's actions — it can be five years, it can even be 25 years.

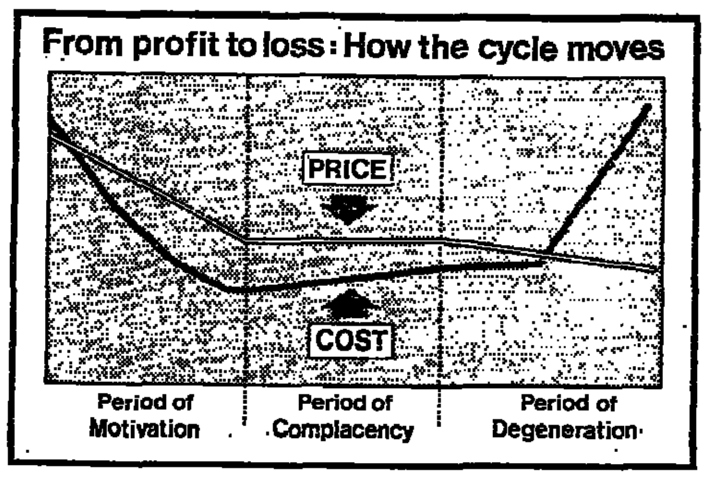
The Motivated period ends when the company is well-established and dominant. It does not have to fight for its existence and the profit is made through inertia, i.e. through its sheer size and dominance.

During the period of Complacency, the company is still powerful, well-established, generating money but it has lost its early zeal and momentum.

Key characteristics at this stage are:

(a) Low investment: (b) Treating the Star as a Cash cow, i.e. milking without making any investment; (c) Benefit received from a Cash cow is frittered away through lower prices, higher wages and general inefficiency without any reinvestment; (d) Desire to maintain the status quo; (e) Market dominance as a positive policy has been abandoned; (f) Money spent on R and D is low; (g) General mismanagement and increased overhead through unnecessary peripheral activities.

From profit to loss: How the cycle moves



This is a period when the accumulated experience of a company has been outpaced by external developments and change. Without new experience and new thinking, it is losing its edge over others (Example: utilisation of microchip by the Japanese in watch manufacture against the traditional Swiss experience.)

Among the observable symptoms for this malaise can be:

(a) Profit is still maintained although at a lower pace; (b) Dominance is still there with a status quo position in the early years: (c) Price is maintained or moved up slightly to pay for the extra costs; (d) Ground has been given to the competitor through failure to meet the target, offering inadequate services and the deteriorating quality of goods; (e) Competitors have been allowed to build their share of experience thereby narrowing the gap of the Experience Curve (example: organisational behaviour of the major airlines in the world before Sir Freddie Laker's appearance on the scene).

In spite of the complacency, a recovery is possible through a new, gregarious and virile management, in which case the company can take itself back to a state of Motivation (Example: GEC/AEI UK in the late 1960s).

If the Period of Complacency is allowed to progress unhindered, the next stage, the Period of Degeneration, sometimes arrives with rapidity and suddenness. It often comes with a jolt from some external factor such as recession, or a sharp increase in the price of energy. In this period one finds:

(a) Costs have moved up generally because of mismanagement, old plant and machinery, etc; (b) Unit cost has moved up substantially because of lower sales volume; (c) Customers have lost faith in the credibility of the company; (d) Co-ordination and control have broken down; (e) Research and development is non-existent; (f) Management is by panic measures; (g) Perennial cash flow crises; (h) Real price, if anything, is lower than the previous period as a result of pressure from the competitors.

The chart shows the probable cost and price trends during this period and the preceding ones.

It can be seen that the cost has moved up substantially but the price is frozen to keep up with the market. The loss, therefore, is acute. In Boston terms, the company has reached the classification of Dog whereas the right position for it at this stage (if the flow of decay had been arrested) should have been either Cash cow or even Star. (Example: British Steel, British Leyland versus Thyssen and Volkswagen.)

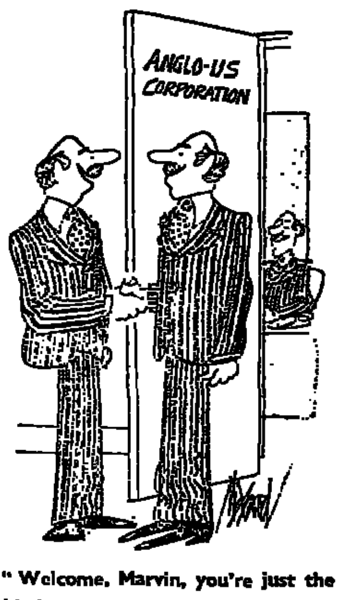
Recovery at this stage is not possible. The best course of action is to fragment and close down, except for those parts with some future. (Example: Leyland Vehicles within British Leyland.)

It is therefore vital for a business accurately to assess the phase it is in and to work out an appropriate strategy. If, for example, the company is in a state of degeneration, investing money, management and other resources is only delaying the inevitable.

If, on the other hand, the company is still in the phase of complacency, a rescue operation is possible; in some cases, both from economic and social points of view, it is also desirable. But diagnosis is only half the battle. Appropriate medicine must be administered for the necessary revitalisation if the fifth stage —death— is to be avoided.

Keron Bhattacharya is a Management Consultant.

Statistics highlight transatlantic 'twins'



"Welcome, Marvin, you're just the kind of executive we like in this organisation"

EXECUTIVES in top British companies are virtual carbon copies of their U.S. counterparts, in spite of their different environments. They share similar backgrounds, aspirations, career structures, working styles and political beliefs—and they are more content at work and at home than their popular image suggests.

The commonality of their characteristics could almost support a theory of the existence of an Anglo-Saxon clone, according to the leader of a university research team which has just completed a new study into British Corporate Leaders.*

"Their similarities are astonishing," says Dr David Norburn, a senior lecturer in business policy at the London Business School, which carried out the research on more than 400 senior managers.

The study, published yesterday, was commissioned by Korn Ferry International, the executive headhunters, in the wake of similar research into U.S. corporate leaders.

Both sets of individuals have the same sibling pattern—about a third are first born, roughly a third last born and slightly less than a fifth the only child. Most of the top managers, on both sides of the North Atlantic, have either no brothers or one brother.

In addition, they have similar marital patterns—in the UK 92 per cent are maried while in the U.S. 86 per cent are wed. Surprisingly their divorce rates are well below the national averages in both countries, 5 per cent and 4 per cent respectively. And the vast majority—89 per cent in the UK and 86 per cent in the U.S.—have only been married once.

In spite of the generally held view that people are influenced by their backgrounds, most of the top managers in both the UK and the U.S. feel that they had not been affected by their parent's occupation in their choice of career. Of those who were, most had received positive help; in both cases, the fathers of more than half had been managers and less than a fifth skilled manual workers.

Both sets of managers have also had similar business careers. About a third started their working life in finance/accounting, about a quarter in the technical professions and slightly less than a fifth in marketing/sales.

Less than a fifth of both sets of managers would now choose a different career if given the opportunity of starting again. And a similar number of managers on both sides of the North Atlantic—less than 20 per cent—had run a business of their own.

They work a similar 50-hour week, mostly do not use a foreign language in connection with their business and are roughly equally divided on the question of whether their present position was the highest to which they aspired.

Predictably, both sets of managers have similar political views — on the right of the political spectrum. In the U.S. they vote mainly for the Republican party while most UK managers support the Conservatives.

While the two surveys emphasise the similarities between the two sets of individuals, there *are* differences, reflecting the different cultures and educational systems.

The top U.S. manager tends to be a little older — 55 against 50 in the UK. In addition he has more educational qualifications, has been with his company slightly longer and has probably moved more times than his UK counterpart.

He also smokes more, is more religious, takes fewer holidays and is more loyal to his company than his UK cousin. He travels more too, reflecting the greater geographical spread in the U.S.

According to the study, the top British manager is likely to be "male, and married to his first wife with two children. His wife does not work, though she might have worked for a short time in a managerial, administrative or professional capacity. He grew up in the suburban south-east though some of his colleagues come from northern England and he spent his childhood with both parents, of whom his father was a manager.

"Following education at grammar school, unlike a number of his peers who were privately educated, and where he played team sports for the sake of the game, not considering winning very important, he entered business. He is still with the company he first joined and virtually none of his co-directors has worked for more than four companies in his career. He would continue to work if financially independent, and is already earning a remuneration package averaging between £35,000 and £40,000. He is basically content with his work and would do much the same job again if he were restarting his career.

"In contradiction to often held, yet mythical, conceptions there is no strongly recognisable class or educational predominance and little movement from one company to another; rather there is solid achievement built upon hard work, a desire to gain success and a stable family environment."

* *British Corporate Leaders—A Profile, available from Korn Ferry, 2-4 King St., London, SW1. Price £10.*

Arnold Kransdorff

Business courses

Quality Circles. London, December 15. Fee: £45 (plus VAT). Details from Institution of Industrial Managers, Industrial Management House, Cardiff Road, Luton, Bedfordshire LU1 1RQ.

Computers and the Business Owner. London, December 15-17. Fee: £265 (plus VAT) members, £295 (plus VAT) non-members of the Institute of Directors. Details from Education Director, Institute of Directors, 116, Pall Mall, London SW1Y 5ED.

Strengthening Your Team. London, December 14-16. Fee: £195 (plus VAT). Details from The Coverdale Organisation, 3, Logan Place, London W8 6QN.

Energy Managers' Training Course. Stirling, Scotland, December 6-11. Fee: £385 (plus VAT). Details from British Institute of Management Foundation, Management House, Parker Street, London WC2B 5PT.

The Fundamentals of Finance and Accounting for Non-Financial Managers. London, December 7-11. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels, Belgium.

Inter - Personal Effectiveness Workshop — developing the skills of self - assertion. Uxbridge, December 17-18. Fee: £185. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

Introduction to Forecasting. London, December 7-10. Fee: £250. Details from Department of Management Science, Imperial College, Exhibition Road, London SW7 2BX.

Modern Technology in Business and Industry. Jerusalem, Israel, December 30-January 1. Fee: £185. Details from the Friends of the Jerusalem College of Technology, 143-145, Brondesbury Park, London NW2 5JL.

COMPANY NOTICES

UNILEVER N.V.
Rotterdam, The Netherlands

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS
followed by a
MEETING OF ORDINARY SHAREHOLDERS
On Friday 18th December, 1981 at 10.30 a.m. in the Company's Office, Burgemeester 's Jacobplein 1, Rotterdam

AGENDA FOR EXTRAORDINARY GENERAL MEETING

1. Proposal by the Board of Directors to amend the agreement (the "Equalisation Agreement") referred to in Article 2 of the Articles of Association, between Unilever N.V. and Unilever PLC (formerly called Unilever Limited).
2. Proposal by the Board of Directors to amend Article 2 of the Articles of Association.

AGENDA FOR ORDINARY SHAREHOLDERS MEETING

[illegible]

Rotterdam, 27th November, 1981.

THE BOARD OF DIRECTORS

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND NO. 105 ON PREFERRED STOCK

Dividend No. 105 of three per cent for the six months ending December 31 1981, has been declared payable on February 5 1982 to holders of the six per cent cumulative preferred stock who are registered in the books of the Corporation at the close of business on December 31 1981, and to persons presenting coupon No. 106 detached from stock warrants to bearer. [illegible]

By order of the board
J. T. GOLDFINCH
Managing Secretary

Head Office: 44 Main Street, Johannesburg 2001
London Office: 40 Holborn Viaduct, London EC1P 1AJ

November 27 1981

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

PAYMENT OF COUPON NO. 85

[illegible]

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND IMPORTERS
FUEL COSTS

[illegible]

ATLANTIC CONTAINER LINE G.I.E.
CANADIAN PACIFIC STEAMSHIPS LTD.
DART CONTAINERLINE (CANADA) N.V.
HAPAG-LLOYD A.G.
MANCHESTER LINERS LTD.
GOLDEN CROSS LINE | Joint Membership
CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries

Cunard Building, Liverpool L3 1QS.
November, 1981.

GEORGE ARMITAGE & SONS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Registers [illegible]

By Order of the Board,
N. G. A. FOWLER,
Secretary.

Robin Hood, Wakefield, West Yorkshire, WF3 3BP.

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of the Debenture Stocks of the Company will be closed [illegible]

W. A. COOPER, Secretary.

Blackwell House, Aldenham Road, Watford, Hertfordshire, WD2 2EY.

ART GALLERIES

BROWSE & DARBY, 19, Cork Street, W1. [illegible]

WHITECHAPEL ART GALLERY, [illegible] BRITISH SCULPTURE IN THE TWENTIETH CENTURY. [illegible]

ALLANS GALLERY [illegible]

AGNEW GALLERY, 43, Old Bond St., W1. [illegible]

COLNAGHI ORIENTAL and Shirley Day Ltd. [illegible]

COVENT GARDEN GALLERY, 20, Russell St., WC2. [illegible]

LEFEVRE GALLERY, 30, Bruton St., W1. [illegible]

LEGER, 13, Old Bond Street. [illegible]

MATHAF GALLERY, 24, Motcomb Street, London, SW1. [illegible]

FIELDBORNE GALLERIES, 63, Queens Grove, NW8. [illegible]

MALL GALLERIES, The Mall, SW1. ROYAL SOCIETY OF MARINE ARTISTS [illegible]

COOLING GALLERIES, 38, Albemarle St. [illegible]

LUMLEY CAZALET, 24 Davies St., W1. [illegible]

SPENCER A. HARRIS [illegible]

THE MALL GALLERIES, The Mall, SW1. ROYAL MINIATURE SOCIETY [illegible]

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. [illegible] 189, Regent St. 734 0557.

THE ARTS

Young Vic

The Winter's Tale

by B. A. YOUNG

[T]he exclusion of any trendy [gimmick]s is what gives Hugh Hunt's [prod]uction its exceptional charm [and] freshness. It is basically [Eliz]abethan in concept. In the [beaut]iful set by Alan Pickford, [the] upper part of the deep open [stag]e is checkered in brown and [whi]te. Behind it, the inner [stag]e contains Leontes's throne [with]in decorated walls and [...]; on either side are two [seri]es of small chambers serv[ing] the function of the upper [stag]e in the Elizabethan play[hou]se. It is from one of these [that] Time records the passage [of t]ime, while faint streamers of [...]t glide across the stage.

[T]he costumes, designed by [...] Stone, are Elizabethan in [styl]e; they are worn comfortably [by] the company, who all look [won]derfully at home either in [the] Sicilian court or the [Boh]emian countryside. Profes[sor] Hunt has taken few liberties [with] the text. He starts with a [brie]f glimpse of Hermione and [the] boy Mamillius right down[stag]e. "A sad tale's best for [win]ter," Mamillius concludes, [and] then the tale begins. Later [the] director introduces a joke [abo]ut Giulio Romano the sculp[tor], feeling rightly that the play [can] do with a bit of livening in [the] midst of all that narrative [in A]ct 5.

[T]he action is continuous [from] start to finish, give or [take] a 15-minute interval and [the] occasional lowering of the [ligh]ts, and the story comes over [with] unusual clarity. I went to [a p]review, where the house [was] packed with young people [for] many of whom the play will [be] one of their set books for "A" Levels. They were ideally attentive.

Julian Curry's Leontes is a worrier from the word go; and after 16 years' additional worry, his wife cleared of guilt by the Delphic oracle after he has ordered her death, he ages enormously, ending as a monkish figure in black, his hair thinned into a tonsure. Polixenes is given a more courtly performance by Terence Wilton; it's no wonder that Joanna Dunham's beautiful Hermione should have been glad of his company while she had the chance.

Paulina, played with a mixture of authority and aristocracy by Judy Wilson, like an upper-class landlady, lays on a wonderful act for the revivification of the "statue," with Hermione kneeling in what had been Leontes's throne-room, coming downstage as if sleepwalking, then, as Leontes takes her hand and exclaims "Oh, she's warm!" resuming all the affection she displayed before the great dispute began.

In Bohemia, Michael Maloney plays a likeable Florizel to Angharad Rees's charmingly childlike Perdita, who speaks her flower-speeches with a simplicity that emphasises their beauty. The sheep-shearing feast is quite a modest celebration; indeed if Polixenes and Camillo had not attended in their masks, it would have been little more than a family affair. The dance is an elementary, stamping routine. Autolycus is never overplayed by Andrew Robertson, and he sings the songs as if he truly were humming them as he goes about his business. And before I leave Bohemia, I must not forget the bear, who is seen very briefly right upstage, but not so briefly that he he does not draw a gasp from the audience.

Julian Curry and Joanna Dunham

This exceptionally fine production is sponsored by the National Westminster Bank, which also provides a little educational pack containing extra information about the play. "A" Levels or not, this show is not to be missed.

Coliseum

Pelléas and Mélisande

by RONALD CRICHTON

Note the "and," not "et" in the opera's title. The ENO's new *Pelléas*, unwrapped on Wednesday night, is sung in English in a translation by Hugh Macdonald. The producer is Harry Kupfer from the Komische Oper in Berlin, whose recent *Fidelio* for ENO upset several colleagues. First, then, to the twin spectres. Maeterlinck, the Belgian symbolist whose prose drama Debussy, with some pruning, used as his libretto, was once perhaps overpraised but is now underrated. He is not however sacrosanct. There is no more reason why he should be regarded as untranslatable than his contemporary, Hoffmansthal, whose language Strauss set as felicitously as Debussy set Maeterlinck's. One needs to say this because the idea of *Pelléas* in English can draw squeaks of terror from opera-goers who would not dream of reading Maeterlinck for his own sake.

Macdonald's version is simple direct and dignified, in need perhaps of retouching here and there. There has been, I think, some occasional discreet adjustment of note values, but if so this was tactfully done. Every lover of *Pelléas* will have his own idea of how certain memorable phrases ought to go, but as a whole the translation succeeds better than one dared to hope. A similar impression was made by the German version used when Kupfer produced *Pelléas* at the Dresden Festival three years ago—the opera's first-ever performance, incidentally, in that famous musical centre).

Although the designer Reinhard Heinrich has taken over his Dresden colleague Peter Sykora's idea of a sinister, skeletal bird-insect overhanging the stage (symbolising Destiny, one supposes), the two productions have not much in common. At Dresden Kupfer *declared his hand too soon*. The main characters were such obviously doomed neurotics from the beginning that the appalling cruelty later (Yniold forced to spy on the lovers, Golaud dragging Mélisande by her hair) made little effect.

At the Coliseum the clouds of tragedy and evil gather more gradually, though Mélisande hunches stiff shoulders from the beginning and totters like a zombie; Golaud soon catches the hunching, and so does little Yniold. The relief normally forthcoming from Arkel and Geneviève is denied us—this Arkel is a choleric Delius-figure in a wheelchair, Geneviève (plausibly, since she is Golaud's mother) an elderly lady.

Kupfer's conception is fidgety, carried through with relentless consistency. There are perversities made clearer by the English text — Golaud and Pelléas go upstairs to the castle vaults; Mélisande cries "let me go" when Pelléas has dropped her hair and is yards away; the whispered colloquy (one of the marvels of the score) at the opening of act four when the lovers assignate for the fatal last encounter, is spoken across a chasm. The black-robed women at the end become housemaids in cap, apron and streamers, supported by ancient and sheepish footmen. At the end Yniold, spared by Destiny, is left holding Mélisande's baby, a gloss as egregious as the reappearance of Alberich at the end of the Covent Garden *Götterdämmerung*.

The designer mates his Destiny-thing with screen-units moved by engines, audible but not more so than most Coliseum scene-changing, eye-tiringly lit from the inside, like Japanese aquariums. The units make a better tower than most settings provide, yet the fountain and hair episodes are no more credible than usual. The lighting is Brechtian white—is that period still with us? Yet the total result is serious and intelligent. The few but determined booers at the end were scarcely justified.

The singing might also be described as serious and intelligent. The most striking performance at this stage (others will surely develop further) is the powerful Arkel of John Tomlinson, who sends every note, every syllable across the orchestra, suggesting that the dubious King of Allemonde may not be so old as it suits him to pretend. Neil Howlett's interesting and promising Golaud comes next — lovely vocal quality which could be used more freely, a touching sense of "all he regrets not have said, not having done. . .and of all the happiness that has escaped him for ever" which Debussy urged on Dufrane, the role's first singer.

Mélisande is the gifted Eilene Hannan, the twitchiness presumably wished on her by the producer, rather a sour, frozen little person until she melts in the fourth-act duet, thereafter moving. Robert Dean sang Pelléas in the place of the indisposed Russell Smythe—highly intelligent and musical, with a voice so far too small for the role's big moments, where one remembers the music was first conceived for a tenor.

Yniold, shown as a proper little Teutonic horror, was alarmingly well done by Rosanne Brackenridge. The disappointment on Wednesday was the too subdued Geneviève of Sarah Walker, who must instantly remember of how firmly and forthrightly French mezzos do these two short but rewarding scenes.

Mark Elder conducted. In *Pelléas* as a rule the larger the theatre the more the orchestra encroaches on the voices. In the first scene this seemed likely to happen at the Coliseum, but to Mr Elder's credit the impression was swept away by a lucid, well-balanced account only needing a shade more warmth and lyrical flow. When the singers dare to come out more (there is more "opera" in *Pelléas* than pundits generally admit) he will doubtless bring the orchestra up, in line if not in mass. The difficult last act was well judged—though only Boulez unerringly places that tenuous but essential trumpet line. A stimulating evening, irritations and all.

[Ci]nema

Mother of iron

by NIGEL ANDREWS

[Mom]mie Dearest (AA) Plaza
[The] Tragedy of a Ridiculous [M]an (AA) Gate Notting Hill
[Lon]don Film Festival

[J]oan Crawford, with her [pad]ded shoulders, rictus face, [inc]h-thick lips and eyebrows, [che]ekbones you could break an [egg] on, stalked through five [dec]ades of Hollywood history as [the] oddest goddess ever: not so [mu]ch a durable star as an [ada]mantine one. You are [gen]uinely startled in *Mommie [De]arest*, the rollercoaster [scr]een biography based on her [ado]pted daughter Christina's [sca]ndalising memoirs, when she [allo]ws a slyboots L. B. Mayer [(Ho]ward Da Silva), flattering [her] into his office with compli[me]nts, delicately to announce [the] end of her MGM contract. [You] expect Crawford, that [Gra]nd Canyon mouth gashing [ope]n in a Medusa grimace, to [sta]nd bean him with a six-pack [of] Pepsi-Cola.

[T]his one-woman army is por[tray]ed in the film by Faye Dun[awa]y, who from front-on has [bee]n made up to look startlingly [like] JC—imperious and totemic [—b]ut from all other angles [look]s like Faye Dunaway, after [runn]ing free with the cosmetics.

[T]he film is similarly two-[cha]racter. In scenes where [dir]ector Frank Perry opts for [lo]w-boned, frontal melodrama, [it] sets the blood racing in rare [inte]rvallas of spooky farce. "No [wi]re hangers!" gurgles Dun[awa]y-Crawford, dredging forth [bas]s vibrations worthy of Boris [Chr]istoff, when pint-sized Chris[tin]a (Mara Hobel) is woken one night by Mad Mom rampaging through her wardrobe. And no less sublime is the stormtrooping *brio* of the heroine's show down at a tense Pepsi-Cola directors' meeting (Miss C. you will recall, married late in life a fizzy-drink tycoon) when suddenly the film star's grace-and-favour are set aside and she bawls the length of the table, "Don't f--- with me, fellas!"

But at 129 minutes the film sports a fearful quantity of dead wood and rotting timber, and no one but Dunaway seems handy with a histrionic axe to cut it down or cut through it. Steve Forrest somnabulates through early scenes as Miss Crawford's lover, a 1930s clothes-horse, and later scenes are less than buttressed by the insipid butter-wouldn't-melt portrayal of grown-up Christina by Diana Scarwid.

So that poor calumniated Crawford, losing her marbles amid the papier - maché Palladianism of her Beverly Hills home, ends up the only person in the film you would want to sit down and have dinner with. She might unleash a sirocco at the sight of a dirty fork, but at least she would be fun to have between tantrums; and possibly even during them.

Bernardo Bertolucci's *The Tragedy of a Ridiculous Man* is not much fun at all. The director of the flamboyant *Luna* has made a bleakly cryptic puzzle-movie wherein dumpy cheese-factory owner Ugo Tognazzi the chic-reclusive wife Anouk Aimee pore over the mystery of their son's kidnapping. Said son was whisked into a car in a distant cornfield while Papa gazed helplessly on, happening to be toying with a pair of binoculars (his son's birthday gift to him) while strolling on his factory roof. Ransom demands follow, but son's condition and identity-of-kidnappers remain a mystery.

Bertolucci, at least when teamed with Vittorio Storaro (his cameraman on *1900* and *Luna*), had a dashing floridity of style. Here, with cameraman Carlo Di Palma, all is lapidary enigma as scenes bump soundlessly into each other and be-fuddled Tognazzi shuttles between Miss Aimee, prowling their glassy hillside villa in frosty shock, and the mystery duo of the son's girlfriend (Laura Morante) and a young worker-priest (Victor Cavallo) who says he knows the kidnappers and *will* act as go-between.

Perm any one solution from a dozen. Has the son been captured by political terrorists? Did the son arrange his own kidnapping? Did the worker-priest and/or the girlfriend and/or Anouk Aimee herself collude in it? Bertolucci isn't telling.

Granted that even in most reticent mood Bertolucci has a cine-imagination that won't quite stop humming .(There's an intriguing play of colour-association in the film—earth-browns and light greens for Tognazzi, blue for the kidnappers—and a cunning, funny geography in Tognazzi's half-way-up hillside house, which miniaturely mimics the mediaeval castle above and pinpoints his petit-bourgeois's Sisyphus dreams).

But the film's dramatic rhythms are bleak, pinched and laconic. Talk frosts as it drops from lips, the principals peripatate, the factory employees in the background moon and glower like so many extras from Rent-a-worker. And if all the movie's social thesis finally amount to is the come-uppance (or return-to-roots) of a "ridiculous" social climber who has been trying to haul himself up out of the proletariat by his cheese-profits (to regain his son and renew himself, he must sell all . . .), then the movie is Marxist cant masquerading as existential education.

Perhaps someone whispered in Bertolucci's ear that the extravagances of *Luna* were decadent and revisionist, and he promptly donned a hairshirt. *The Tragedy of a Ridiculous Man* is an apology for strong emotion and strong style by a major moviemaker who shouldn't be sorry for either.

*

Both the new films opening in London this week were "preemed," as Variety says, at the just-ended London Film Festival, which this year more than ever was a mind-boggling overcrowding of movies. With no disrespect to festival chief Ken Wlaschin, safety-in-numbers has begun to become insanity-in-numbers at the LFF. The film-goer is assaulted by films as soon as he enters the lobby; they swirl up around his legs and bite him in the midriff.

To reduce the movies to an assimilable quota would surely encourage more visitors to the festival rather than fewer. At present it seems likely that many a prospective festival-goer looks at the programme brochure in appalled bewilderment and then moves to the docile safety of his TV set.

Faye Dunaway as Joan Crawford

If he did so this year, he would have missed a handful of crack films and quirky curios. Helma Sanders-Brahms's *No Mercy No Future* won the British Film Institute's prize for Best Film of the Year and deserved it. Whirling her schizophrenic heroine through alternating spirals of madness and clarity in waste-land Berlin, Germany's top woman director forges a terrifying tragedy of the big-city everyday. Clutching at straws of religion and sex, the girl—based on a real schizophrenic, "Rita," whose diaries helped fashion the screenplay—bumps like flotsam from one male breakwater to another among society's down-and-outs (she sees the poor and oppressed as incarnations of Christ) and, as encounters fail her, from one suicide bid to another. It is a film of raw grandeur, total conviction and nightmare vision.

Lyric, Hammersmith

The Soldier's Fortune

Actors in Restoration costume line up by a television set to bemoan the lack of contemporary interest in the theatre. The tube flickers and there is Angela Rippon being surprised by Eamonn Andrews with the red book. An explosion is triggered in the prompt corner, Angela and Eamonn disappeared in a cloud of smoke and Sheila Hancock's production for the Cambridge Theatre Company is underway, with no more anachronistic intrusions.

Thomas Otway's comedy is not exactly ignored—there have been recent revivals at the Edinburgh Lyceum and the Royal Court—but it remains sufficiently unknown to merit another outing. Two penniless soldiers return to London from the French wars in search of sex and money. These normal Restoration preoccupations jostle alongside other familiar elements: a winking, vicariously outrageous pimp, Sir Jolly Jumble, one of the best characters of the period; a ridiculous cuckold, Sir Davy Dunce, and his much younger, unsatisfied wife; the buxom cousin with the bloom still on; and a gallery of whores, hired assassins and tavern clientèle.

It is a fascinating piece, the usual sexual pell-mell shot through with the author's characteristic shafts of fantastic gloom and strange happenings.

My enjoyment was only tempered b ydisappointment at the production's failure to hit a consistent style. Dilys Watling's game wife, for instance, is an utterly superficial creation, while James Aubrey's impetuous soldier, Courtine, is played passionately and truthfully all the way through. This is a marvellous performance, well contrasted with Peter Woodward's preening Beauregard.

The sets by Robin Archer are pretty but one - dimensional, with the unfortunate effect of placing the show slap bang in the unlamented tradition of Prospect, Actors Company and the last days of the Old Vic. That splendid actor Brian Murphy makes too little count in his reading of Sir Davy—slack direction, again—but all may be nearly forgiven for Hugh Paddick's pouting, gurgling Sir Jolly, shivering with imagined delights as another client hoves into view and peeping from under a sinful bed on the offchance that second-hand thrills will be supplemented by an abandoned glass of wine.

MICHAEL COVENEY

Arts Council aids purchase of Gerhardie archive

The Arts Council has approved a grant of £2,750 towards the cost of Cambridge University Library's acquisition of the literary archive of William Gerhardie (1895-1977). Together with a matching grant from the Victoria and Albert Museum Purchase Fund, this represents half the total purchase price of £11,000.

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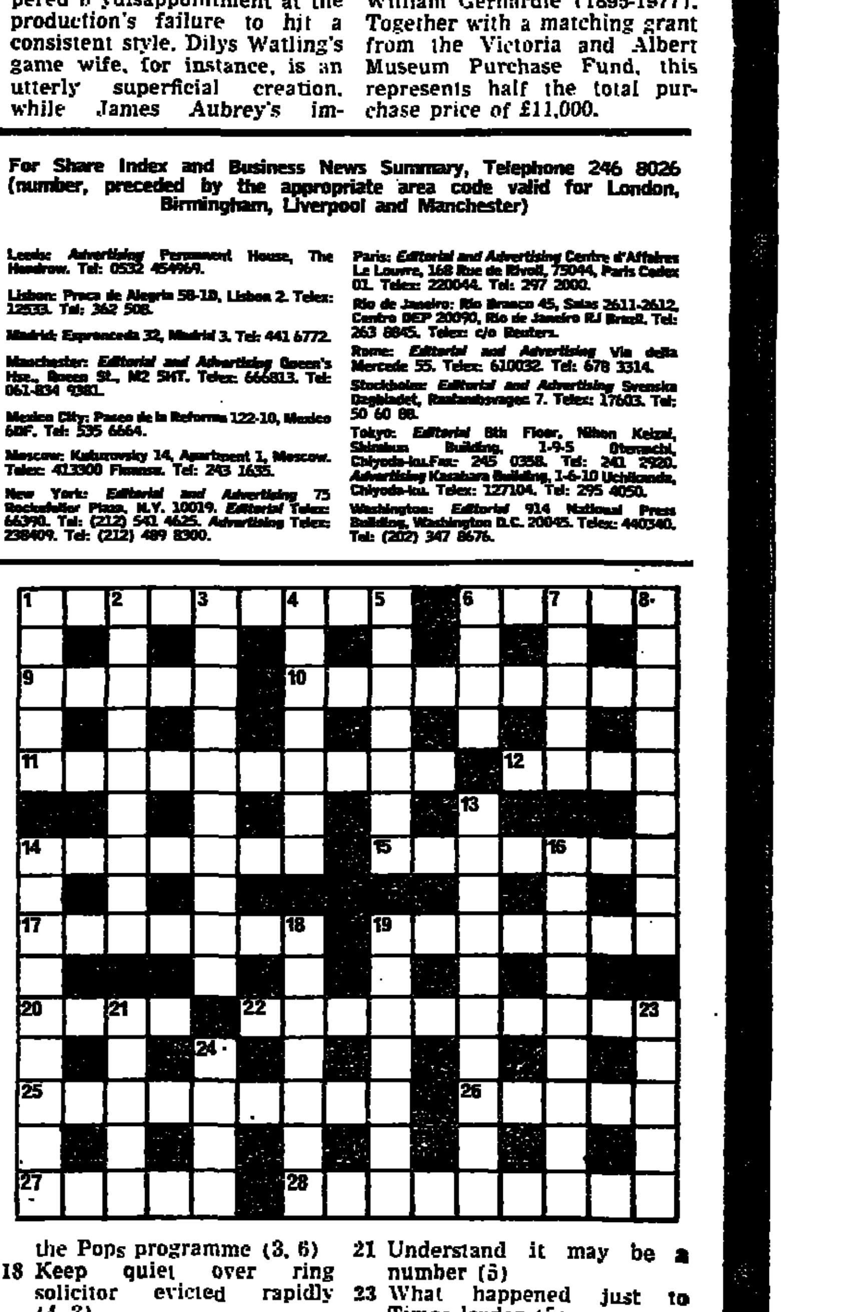
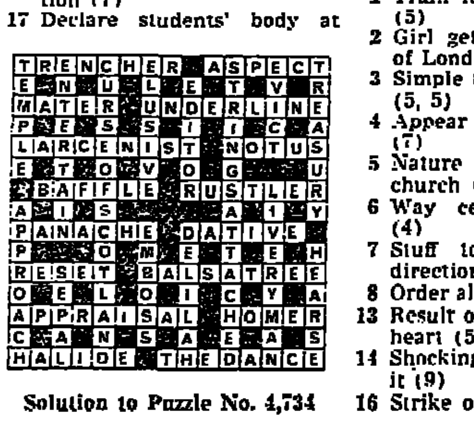


ACROSS

1 Memorial to doctor's temper (9)
6 Organisation winning 6-0? (3-2)
9 Tempestuous spirit tells a right crazy lie (5)
10 Cast one team has to discard (4, 5)
11 Hard reading or hard running? (5, 5)
12 This is a hint about the left (4)
14 Meal rows we hear as a bloomer (3-4)
15 Petit? He confuses description (7)
17 Declare students' body at entrance to infernal regions (7)
19 Rendering on piano by person with stamina (7)
20 Poser losing final left in style (4)
22 Becoming annoyed with surplus (5, 5)
25 Winger taken to the grim disturbance (5, 4)
26 Nil tax on eggs for a start to applaud (5)
27 Win round (5)
28 Man's legs end in yard (5, 4)

DOWN

1 Train leaves for pot church (5)
2 Girl gets a farewell in part of London (5, 4)
3 Simple tip from man in field (5, 5)
4 Appear from within result (7)
5 Nature of German town church (7)
6 Way certainly to support (4)
7 Stuff to cultivate without direction (5)
8 Order alternative teacher (9)
13 Result of degree exam—take heart (5, 5)
14 Shocking the way a ram cut it (9)
16 Strike on air during Top of the Pops programme (3, 6)
18 Keep quiet over ring solicitor evicted rapidly (4, 3)
19 Breathe hard on female animal (7)
21 Understand it may be a number (5)
23 What happened just to Times leader (5)
24 Month after initial loss of chief (4)



Solution to Puzzle No. 4,734

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A 1930s cure for the 1980s

THE VIEW that the recession and the grim rise in unemployment are largely or entirely the result of mistaken Government policy is naturally very popular among politicians. The appearance of a carefully reasoned case for this view, based on a medium-term projection of UK prospects is therefore likely to be more influential than a routine short-term forecast from the National Institute for Economic and Social Research, and deserves close attention.

Obsession

The review argues that the Anglo-American obsession with so-called supply-side measures has come at exactly the wrong time. In normal times, output follows a trend which is determined by supply influences—invention, natural resources, productivity and the size of the working population. These are the factors on which medium-term projections have been based: short-term "fine tuning" of the level of demand has been determined concerned only with correcting cyclical swings about this trend.

Now, however, the Review sees the situation as radically different. Our largely ineffective struggles with inflation during the eight years since the first Opec oil shock have depressed activity far below the potential readily available from our resources of capital and labour. On this view, deficient demand is now a medium-term problem.

The Review therefore urges a cut in cost-raising taxes. The same suggestion has occurred to many other analysts, ranging from the CBI leftwards. The novelty in the Review is the attempt to quantify the rewards over several years and to examine the arguments usually advanced against this course.

The projection is not altogether persuasive, for it shows the estimated rewards vary wildly on the basis of abstract and rather questionable assumptions about wage behaviour. On the other hand the objections are also cut down to size.

Endorsed

The Review is particularly hard on the assertion that workers have "priced themselves out of jobs" through excessive real wages. The figures show that the growth of real wages has been rather slow in recent years—and probably largely due to tighter monetary policies which raised the real exchange rate. The damage, if it is damage, was done in the 1960s, when take home pay rose by a fifth.

The argument that welfare benefits have reached a level which encourages idleness also emerges battered. The ratio of welfare to earned incomes has been falling quite steadily—and on some measures, rapidly—it peaked in the late 1960s. The Review does concede, however, that the combined cost of enhanced real wages and of welfare benefits and charges appears to have squeezed profits to an unacceptably low level. This argument also points to a cut in employers' national insurance contributions. The CBI could only applaud.

The only trouble with this analysis is that it seems to leave out most of the problems which have rendered economic management so baffling in the 1970s. Most notably, there is little attempt to ask why, if the Government's whole approach is so radically and tragically mistaken, it has been endorsed in general by so many other governments and international institutions.

Indeed, the Review, by assuming that we are not in danger of straining capacity seems to wish away the whole of the stabilisation problem which so preoccupies the world. It simply assumes, for no clear reason, that we have come through a violent storm into the doldrums, so that the problem now is to set more sail. Have conditions really become stable, almost overnight? It seems highly implausible.

Embroiled

The world's problem is partly that of a still unfinished adaptation to relative energy prices—which is why the Bank for International Settlements argues for real income restraints to make room for balance of payments correction and for higher investment. A point which the Review merely acknowledges in passing is that the energy crisis has rendered much capital plant obsolete. Some existing "capacity" is so much scrap metal, as Detroit could testify.

Above all, we are still embroiled in a world of violent financial instability, in which unprecedented swings in real exchanges and real interest rates disrupt business planning, and threaten weak economies with bankruptcy. This financial picture has no resemblance at all to the sullen stagnation for which the Review prescribes.

Much of the present painful readjustment round the world is an effort to avoid adding to the mountain of unstable debt which threatens to topple on us all. Its management and consolidation might be assisted by the advice of a new Keynes; it is hardly to be solved by the proposals of the old one to break a *deflationary* recession 50 years ago.

Fiasco at the Arab Summit

THE COLLAPSE of the Arab summit meeting at Fez opens up two dangers: that Israel will become more intransigent than ever, and that the Palestine Liberation Organisation (PLO) will stray from Mr Yassir Arafat's relatively moderate course. But the fact that the Saudi peace plan for the Middle East was shelved rather than thrown out gives some cause for hope that the prolonged peace process begun by the Egyptian-Israeli agreement has not been killed.

Unstable

The two wars of 1967 and of 1973 demonstrated that Arab differences can provide no more than an unstable equilibrium with Israel. It can collapse at any moment. Worse, there can be no security in basing one's calculations on the interplay of established regimes. The Iranian revolution has shown how quickly these can change.

The danger of increased Arab radicalism is most apparent in the PLO. Mr Arafat had shown signs of going along with the Middle East proposals of Crown Prince Fahd of Saudi Arabia, which won no acceptance at Fez. But the majority of the PLO leadership did not support him. Mr Arafat's position has become exceedingly insecure; more radical leaders such as Mr Abu Nidal, will now try to take the bit between their teeth with support from Damascus.

Saudi Arabia, whose regime has much to fear from a possible increase of Arab radicalism, has suffered a serious setback. Riyadh has been trying to draw the Arab world closer to the West. But as the guardian of the Holy Places at Mecca and Medina, Saudi Arabia cannot abandon its key role in the Islamic world.

The Saudi regime went as far as it could in accommodating the West by indirectly proposing in the Fahd plan to recognise Israel's right to exist, and by repeatedly acting to stabilise the price of oil. These policies were dictated by the wish to avoid destabilising regional conflicts, and by the threats emanating from the Iranian revolution and the Soviet incursion into Afghanistan.

But it would be foolish of the West, and specifically of the U.S., to try to fit the Saudi role into the stereotyped pattern of confrontation with communism. That would cut across the religious base of Saudi Arabia's position in the Arab world.

Given that base and their need to maintain regional stability, the Saudis have an interest both in maintaining what little is left of Arab unity and in avoiding regional conflicts. Almost certainly, therefore, they will not press the Fahd plan for the time being; neither will they bury the attempt to arrive at a settlement with Israel.

The time for a renewed endeavour may have to come after April 25, when Israel is due to surrender the last slice of Sinai to the Egyptians, as provided for in the Camp David agreements. Any delay, for instance because of Israel's resistance to European participation in the international force to supervise the peace there, could have serious consequences. It is very much the responsibility of Washington to ensure that no delays occur and, more generally, that Mr Begin does not take the fiasco at Fez as the cue for hardening his policy towards the West Bank.

Arrangement

Events at Fez have added to the dangers in the Middle East. That does not invalidate the need to go on striving for a settlement based on two ingredients implicit in Camp David, the European initiative, and the Fahd plan: the recognition of Israel's right to life, and an arrangement acceptable to the Palestinians. The onus is first and foremost on Washington, but also on Mr Begin.

UK TELECOMMUNICATIONS REVOLUTION

Why the lines are crossed

By Guy de Jonquieres

SINCE THE start of last month, when it got down to the nuts and bolts of implementing its radical plans to liberalise Britain's telecommunications industry, the Government has been discovering that dismantling a monopoly is a great deal more difficult than creating one in the first place.

Much rides on the success of the plan. According to Mr Kenneth Baker, the Industry Department's energetic Minister for Information Technology: "When we come to look back in a few years' time, I think that the British Telecommunications Act (which came into force on October 1) will be widely seen as the most important industrial measure that the Government will have taken."

Mr Baker believes that the advent of freer competition will unleash a wave of commercial initiative and technological innovation which will sweep Britain into the forefront of the electronic information age and shake up the monolithic bureaucracy of British Telecom (BT).

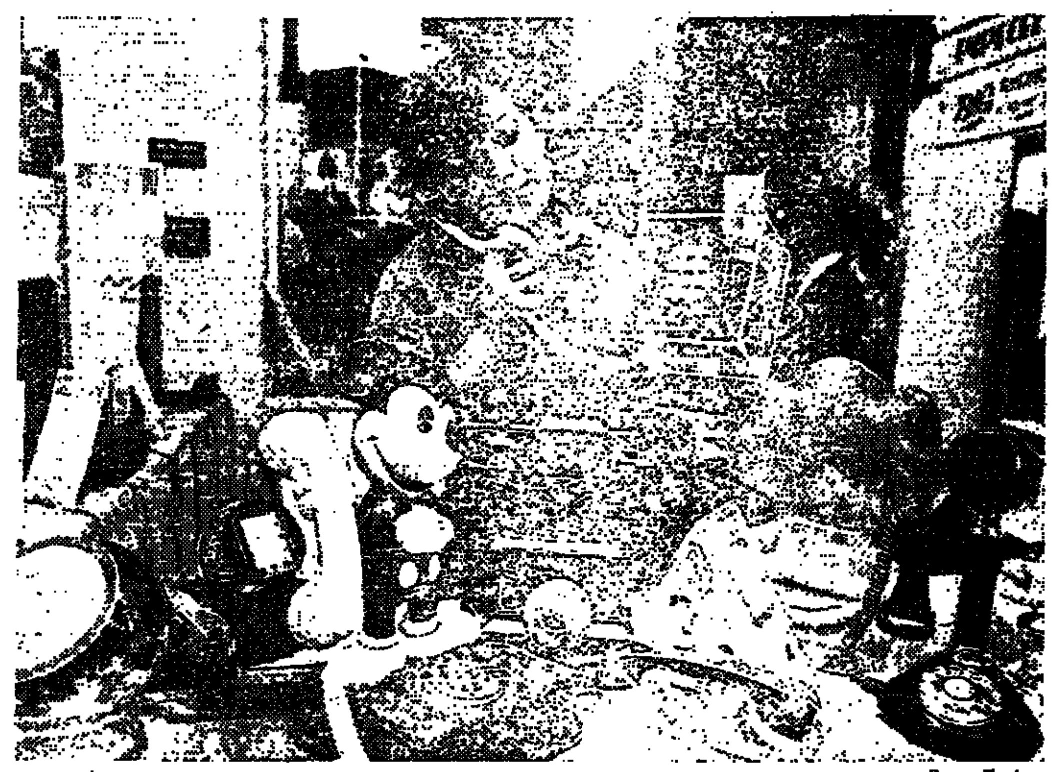
The Telecommunications Act gives his Department extensive legal powers to control the pace and direction of liberalisation. But early teething troubles are leading some telecommunications experts to wonder whether the Government has chosen the right tools to cut through the mesh of technical complexities and entrenched economic interests which have grown up over almost a century of monopoly.

The Government aims to inject competition into two main areas over which BT has hitherto enjoyed exclusive privileges. First, the supply of many commonly-used types of subscriber apparatus including telephones, private exchanges (PABXs) and telex machines, and second, over the operation of the national public telecommunications network and the provision of commercial services on it.

So far, the thorniest problems have arisen over freeing equipment supplies. That is ironic, both because BT's main concern has been to try to safeguard its monopoly over network services, and because Britain is doing little more than catch up with widespread international practice.

In the past, BT's monopoly has guaranteed that the lion's share of equipment orders went to three main suppliers. These are the General Electric Company, Plessey and Standard Telephone and Cables. Some small business has gone to outsiders such as Thorn-Ericsson, Pye (part of the Dutch Philips group) and most recently Mitel, a fast-growing Canadian company.

The prospective break-up of this charmed circle has whetted the appetite of many other companies, both at home and abroad. General Telephone and Electronics, the second largest U.S. telephone company, recently formed a £8m joint venture with Ferranti to attack Britain's subscriber equipment market, which it values at more than £200m a year.



Roger Taylor

Telephones on sale at Selfridge's in London's West End

TIMETABLE FOR A FREER MARKET

Type of apparatus	Present supply arrangements	Government's timetable
Extension telephones	Approved models available only on rental from BT	Some models to be approved for sale by non-BT outlets in next few weeks. BT to start selling in January. Full liberalisation from next July.
Telephone answering machines	Available for private sale, subject to BT approval	New approval procedures from next July
Most other public telephone network attachments	Various	Liberalisation due next July
Examples:		
Free-standing auto-diallers	Not available	Liberalisation due next July
Subscriber private metering	Available only on rental from BT	Liberalisation due next July
Free-standing repertory diallers	Available only on rental from BT	Liberalisation due next July
Facsimile terminals	Available for private sale, subject to BT approval	New approval procedures from next July
Simple telex teleprinters	Available only on rental from BT	Liberalisation due October next year
PABXs:		
100 lines or less	Available only from BT	Liberalisation due July 1983
More than 100 lines	Available for private sale subject to BT approval	New approval procedures from July 1983

ICL, Britain's leading computer manufacturer, has also agreed to market electronic PABXs made by Mitel. Other foreign manufacturers, including the mighty American Telephone and Telegraph, are on the prowl for business, as are producers of low-cost apparatus in such places as Hong Kong and Taiwan.

BT has been sprucing up its image. It has set up a new section to handle competitive business and plans to sell as well as rent telephones from next January. It is opening a chain of "Phoneshops" and recruiting several hundred salesmen. This is in addition to its plans to spend about £2bn a year on network modernisation and start a satellite communications service by 1984.

But before BT's competitors can enter the market, their equipment must be approved. To handle approvals, a detailed new framework of rules must be devised. And that is proving complicated. Against some experts' advice, the Government decided on cost grounds not to set up an independent supervisory body but to entrust the task to the British Standards Institution (BSI) and the British Electro-Technical Approval Board (BEAB).

The BSI has been asked to write standards to which privately-sold equipment must conform. But it is not due to publish its first set until next July, and then only for simple apparatus like telephones.

Well over 100 people on six BSI committees and a growing number of sub-committees will have a hand in standard-writing. They represent more than a dozen organisations, including BT, the Industry Department, manufacturers, retailers and users. Some committee members wonder whether it will be possible to forge the necessary consensus between so many disparate interests in the short time available.

BEAB, which will be responsible for certifying new equipment before it is licensed by the Department, is currently wrangling over the stringency of the testing procedures it should apply. It also has some funding difficulties: the money it has received so far from the Government and manufacturers is said to be insufficient to cover its requirements.

Since the start of last month, interim responsibility for equipment approval has rested largely with BT. Setting a former monopoly in judgment over its competitors is a somewhat unorthodox procedure and BT has been accused of being less than enthusiastic about the task. But it strongly denies that it has been obstructive. It says that its hands have been tied by lack of resources and by the absence of agreed public standards.

Faced with the politically embarrassing prospect that liberalisation could remain stuck on the launching pad for some months, the Industry Department has decided to take a short cut. It announced plans earlier this month to release for private sale immediately a small number of telephones, most drawn from BT's existing range.

It has also invited manufacturers to submit further apparatus for testing by BT. The Department, which will screen applications, seems likely to give preference to British-made equipment, though some imports may be allowed through. The Department has also persuaded BT to accelerate testing of large PABXs.

Potentially, the market for extension telephones looks promising. Only one in six British households has more than one telephone, compared with two out of three in the U.S.

Much will depend on availability and price. The major UK manufacturers seem uncertain about how to handle private sales through outlets other than BT. None has much experience of retailing, and some may be worried about BT's reaction if they appear too eager to team up with its competitors.

Independent suppliers are keen to move in, some with imported telephones, but must first obtain official approval. Some are irked by government plans to require that all non-approved equipment on sale be marked from early next year with a "prohibited" label.

All extension telephones will also have to be fitted with a new plug and socket connection. That will require rewiring by BT, at a charge of £25 for the first extension. A spot check of BT sales offices in the London area this week found that the shortest waiting time for socket installation was six weeks and that some offices had not yet received the necessary parts.

If supply bottlenecks occur, demand for extension telephones may either be stunted or many subscribers may simply decide to install illicit equipment, regardless.

The market for new services has got off the mark rather more quickly. Both BL Systems, part of the motor group, and BT are offering competing electronic mail services, which will transmit written messages across the telephone network.

Undoubtedly the most ambitious project inspired by liberalisation is the plan drawn up by a Cable and Wireless consortium to build and operate an independent network. Using technologically advanced equipment, it would offer sophisticated computerised communications services to business customers in competition with BT.

The Industry Department has approved the project in principle. But a tense struggle is going on behind the scenes over demands by the project's backers for an international "gateway" and the right to connect the system to BT's own network and customers.

BT is far from happy about the demands which, it fears, would undermine its financial position by diverting revenue. Its domestic operations already run at a loss and are subsidised out of the handsome profits earned on international traffic. But BT is under heavy pressure to accede from the Industry Department, which has linked the issue to BT's own efforts to win Government permission to borrow directly from private investors.

BT has been seeking authority to issue a "Buzby Bond" for more than a year but the plan remains stalled in Whitehall. The organisation hopes to raise about £150m, probably in two tranches, within the next year, and as much as £400m more in the two following years.

It wants the money to help finance its massive investment programme, which is intended to replace much of Britain's ageing trunk network with up-to-date digital equipment which will carry both voice and data in computerised form.

But BT's senior managers are worried that even if they get the go-ahead for Buzby Bonds, the extra money will be little more than a stop-gap.

BT's biggest losses at present are on its local network, which connects individual subscribers to exchanges. The organisation believes that the only way to make these circuits profitable in the longer run is to use them to carry new types of service, such as two-way video.

But Britain's million of miles of local telephone circuits are made of copper wire with limited transmission capacity. To replace them with modern, high capacity optical fibre cables, as is planned for the trunk network, would be phenomenally expensive. The cost, probably running into tens of billions of pounds for the whole country, would far exceed BT's own resources.

In recent weeks, BT, the Industry Department and manufacturers have begun to examine ways in which such a programme might be financed. The answer, some believe, would be through joint ventures between BT and other organisations with interests in modern communications, including some nationalised industries, cable television operators and broadcasting companies.

The idea is radical and immensely ambitious. It could face many practical snags. But if pursued further, it could lead to changes in Britain's telecommunications business even more far-reaching than those which the Government is currently seeking to put into effect.

Men & Matters

ICI kees up with the Joneses

Social Democrats following too closely yesterday's polling at Crosby may have missed a triumph further south. Imperial Chemical Industries, Britain's largest industrial company, has elected as its next chairman John Harvey-Jones—who has already "come out" in public support of the new party.

Like, indeed, Social Democrats everywhere, ICI is a nice respectable middle-class British concern with net curtains in its windows. So it was understandably a little reticent when it came to one most interesting question about its new master. Had he once been a spy? No straight answer, I am afraid, but ICI did admit that Harvey-Jones had learned Russian and German after the Second World War, gone into Naval Intelligence, and been awarded an MBE for his work there.

Harvey-Jones joined ICI in 1956, at the comparatively late age of 32. He had retired from the Navy after a Dartmouth education and 19 years in the senior service, apparently seeking a quieter and less roving life, chiefly for the sake of his sick daughter.

Most of his first 17 years at ICI were spent working his way up through the ranks at the group's petrochemical operations on Teesside. He became chairman of the petrochemicals division in 1970, joined the main Board in 1973 and became a group deputy chairman in 1978.

There is delight—and a certain amount of surprise—at Harvey-Jones's appointment to the chairmanship from a short-list of three, particularly among younger ICI managers who believe a shake-up would do the group no harm. He has acquired a reputation for outspokenness—it was his claim during the 1979 transport workers' strike that the company would have to shut down in 10 days if the stoppage continued—and was the man charged with masterminding ICI's pruning of its fibres operations.

And what of the men who so nearly made it—Bob Haslam and Bill Duncan, both deputy chairmen? The speculation last night was that Haslam, just back from heading the U.S. operation, would stay on with the group. Duncan, passed over for the chairmanship last time round when Sir Maurice Hodgson was appointed, is expected to move on.

Not that moving on from a top job at ICI is any too traumatic an experience, on recent form at least. Sir Ray Pennock became chairman of BICC, while Sir Jack Callard and Sir Rowland Wright have become heads of British Home Stores and Blue Circle Industries, respectively.

At a stroke

"Allez les Boutons, a bas la Bourse" I cry, as the mighty Stock Exchange rowing eight takes on its French counterpart near Paris tomorrow. Cap'n John Gill of Sheppards and Chase leads the Exchange team into the fourth annual race—two to us, one to them so far—against uncertain opposition. Will they be demoralised by the Mitterand effect? Or so underemployed as to have had time to train up to peak condition? Will aybody fall out of the boat this year? All will be decided on the waters of the Marne.

Daniel 3 Lions 0

When the City branch of the British Institute of Management told me that they were having Ken Livingstone for lunch yesterday, I assumed that the scheme would be to bring in the head on a silver platter, supplementary rates bill between the teeth, while the carcass was carved by a symbolic resident of Bromley. An ambitious undertaking, but one should never underestimate the power of the City.

But by half-past two, it was clear that I had got the whole thing the wrong way round. It was the BIM which was offering itself on a plate to Ken Livingstone.

It was an unfair fight. Livingstone used all the dirty tricks at his disposal—charm, reason, humility, directness: even compassion, since he stopped short of asking the audience to sign irrevocable proxies for their votes in any future GLC election.

The pinstriped managers stared at their safari-suited guest through feeding-time with the disturbed anticipation of medical students waiting for the Elephant Man to take the bag off his head. But when chairman Brian Quinn stood up to announce that Livingstone was a "very caring, sincere, very dedicated man," Ken's muse came upon him. He promptly threatened to quote Quinn in his next election manifesto, on the grounds that with that sort of backing from the City, the rest of the electorate should be a piece of cake.

It was like watching Yehudi Menhuin or Nick the Greek at the peak of their form. To try and summarise Livingstone's speech here would be like trying to make a crowbar out of a length of chiffon. Let me only say that, within ten minutes of getting up on his hind legs, he told the assembled managers that "rates are no problem—you should actually enjoy paying them" and raised a good-humoured laugh in the process. When the meeting was finally and briefly thrown open, speakers from the floor were concerned not so much with casting out devils from County Hall as with fine-tuning the Livingstone-Wetzel cheap fare system to greater effect.

As the GLC leader sat down, the spell broke. "Plausible" they muttered at the back of the room, investing the word with all the contempt of a personnel manager scrutinising a sick note. But it was too late. The South Bank show was over.

Beaux arts

Why are my weekends so dull when exciting things are happening even in Bletchingley, Surrey?

A pamphlet from the adult education institute there extends an invitation to an "art weekend" with a nude female model. The two-day 10-hour session, supervised by two tutors, it says, "will enable the slow workers as well as the quicker, the beginner as well as the more experienced, really to get to grips with this most challenging subject."

The session will be wound up, it adds, with a period for mutual criticism.

Printing Plate

The only people who seem to be making money in Argentina are those who actually print it.

Trying to keep pace with a 115 per cent inflation rate, the country's Central Bank decided some months ago to issue a one million peso note—worth about £45.

But after 16m notes had rolled from the presses, an official noticed that its design showed a view of the River Plate not from the Argentian bank but from the Uruguayan side.

The notes were scrapped and the newly-designed version came into circulation this week. It has cost an extra £415,000. But that should not take long to make up.

Observer

ECONOMIC VIEWPOINT

Playing fields of the Potomac

By Samuel Brittan

anyone can guess what nterests rates are going in one or two years he will also have a ;ood idea of British and .n and perhaps Japanese s well.

se considerations make it ılarly important to stand the fragile coali- f economic policy-makers Reagan's Washington. d the presidential rhetoric very different types of makers have co-existed a tacit non-aggression /hose strains were hidden he Stockman episode.

first school consists of ionetarists. Unlike many ı economists who go that label, the Adminis- ı monetarists stick to money supply objectives owngrade fiscal policy in unusual on this side of lantic.

ir most prominent repre- ives are Beryl Sprinkel, reasury Under Secretary, erry Jordan, an up-and- g star in the Council of mic Advisers (CEA).

second school consists of budget-balancers. They ılways been strongly rep-

most senior ly sider onald Reagan

ed in the Office of ;ement and Budget,) of which Mr David nan is head and also ; Republicans and "con- ive Democrat" congress- ınd senators. (The great ence between Congress he British parliament is he dividing line on fiscal , which in Britain ıtes the Conservative herites both from fellow rvatives and from all parties, runs in the U.S. gh the middle of the crats, leaving an anti- t majority—at least in iple if not always in spe- pork barrel matters.)

third school consists of amous "supply-siders." In contemporary U.S. context neans primarily a concern with cutting direct taxes. Their exact doctrines are difficult to pin down. They range all the way from a mere willingness to take risks at the margin with other objectives for the sake of tax reduction to a more full-bloodied Lafferite belief that lower marginal taxes for all citizens will actually increase revenues and in other ways rejuvenate the U.S. economy very quickly.

The most vocal supply-siders include two other members of the Treasury team, Norman Ture and Paul Craig Roberts. The most senior supply-sider is, however, named Ronald Reagan.

Standing aside from all these three groups are the pragmatists whose main characteristic is probably an overriding attachment to the Republican cause. They include Treasury Secretary Donald Regan and his scarcely-known, but not to be under-estimated, deputy, R. T. McNamar. According to the Washington grapevine Mr McNamar was as keen as Mr Stockman on tax increases to reduce the Budget deficit; but no one listening to Mr McNamar reciting figures of the high Japanese borrowing requirement or quoting from British Keynesians in praise of deficit spending would have had the faintest clue that this was so. (He plays for the team, kicks the ball into touch, or does whatever else is done on the playing fields of the Potomac.)

Originally members of all thre schools were left to do their own thing. The supply siders secured tax cuts—although in Mr Roberts' view, too little too late. The monetarists watched, encouraged and nagged theh Fed. David Stockman hacked away night and day at Federal spending only to find more areas, from military spending to social security, regarded by the President as untouchable.

The ludicruously optimistic early 1981 economic projections which I mentioned in my last Economic Viewpoint produced the figures of budget balance by 1984, now abandoned and replaced by estimates of $100bn-plus deficits (not to speak of off-budget spending). It is hardly surprising that the Budget Director was the first to show disaffection.

For the moment administration monetarists will defend the policies, although not the figures of the supplysiders. They believe that budget deficits do little inflationary damage if not financed by newly-created money and if offset by a credible prospect of declining monetary growth in the years ahead.

RONALD REAGAN
leads fragile coalition

DONALD REGAN
leading pragmatist

For the moment, Administration monetarists will defend the policies, although not the figures, of the supply siders

This sanguine view is not shared by the Fed's chairman, Paul Volcker. His worry, he has told Congress, is not about the deficit in the 1982 fiscal year which has just started. This largely reflects the recession, which the chairman of the CEA, Mr Murray Weidenbaum, now admits will be quite severe—a good guess is a drop of 4 or 5 per cent from the 1981 peak to the trough expected in the first half of 1982. Mr Volcker's worry has been the absence of any sign that the deficits will decline with economic recovery. He has however been reluctant

Some work done in the Fed indeed suggests that if $50bn could be cut off the deficit, by an oil import levy and other excise duties, base lending rates might be 3 per centage points lower next year than they would otherwise be. This is not all that different from an estimate by Mr Robert Weintraub, senior economist to the Republicans on the Joint Economic Committee that a $35bn change in the deficit in 1980 dollars makes a difference of 1½ per centage points to interest rates.

The monetarists have recently been quite pleased with the Fed. Their favourite measure of the money supply M1B—public holdings of cash plus checking deposits in depositary institutions—has so far behaved reasonably well and velocity has departed very little from its 3 per cent p.a. trend growth.

Their belief that interest rates would come tumbling down, either with recession or with reduced inflationary expectations has, after some tense months, been vindicated over Wall Street fears.

The Fed originally intended to add about 2½ per cent to its permitted monetary growth rate this year to allow for legal changes in the banking system. But this so-called "shift adjustment" has proved unnecessary and is being quietly disregarded. After some bad lurches early in the year monetary growth is now in the middle of this year's unadjusted 3½ to 6 per cent target band and monetarists are if anything more afraid of reaching the bottom than the top end of it.

Next year's Fed target of 2½ to 5½ per cent is universally regarded as tight. If velocity is on trend and the middle of the range is hit there will be no scope for real growth unless inflation is below 7 per cent. But Administration monetarists are not disposed to argue against the Fed for adopting a more rapid form of gradualism than they would have dared to suggest themselves.

Among other groups including some business corporations the Fed is being attacked for not pumping enough money into the economy to halt recession. So long as interest rates are falling, attacks based on the abstract monetary growth numbers can be held off. The Fed's real worry is that when recovery comes and the pursuit of present monetary objectives leads to rising interest rates that the Administration's supply-siders will join with the "liberal Democrats" in attacking their policies. "Aborting recovery" on the eve of the November 1982 congressional elections will not be a popular policy stance, however strong the arguments for sticking to the targets. The second half of 1982 is thus seen as the real testing point for the Administration's counter-inflationary resolve.

Yet the testing points of history have a habit of confounding the prophets both in their nature and timing. The recovery may be weak or delayed. Much will depend on quite how high interest rates rise even with full recovery. Estimates of end-1982 prime rates range from just over 10 per cent by the Harris Bank, where Mr Sprinkel was vice-president, to heavy Wall Street hints that people who gaped at the 1981 peaks of 21 per cent "aint seen nothing yet" compared with what is to come.

The U.S. has so little experience of the combination of tight money and $100bn plus peacetime non-recession deficits that there is no sound basis for prediction. But on the side of the optimists is the fact that inflation (measured by the GDP deflator) is almost certainly heading downwards from its recent 9 per cent rate. The collapse in commodity prices and the effects of the high dollar have still to work their way through into the inflation

Late-1982 seen as testing point for Administration

indices. Some key wage contracts fall to be negotiated in the next few months, when Administration spokesmen admit that unemployment may reach 9 per cent—which means that it could well reach 10 per cent.

My own instinct is that short of some international disaster such as an anti-American coup in Saudi Arabia, the Fed will resist pressures and that after the 1982 election Congress will tackle the budget deficit; and that despite the combined efforts of the un-reconstructed Democratic free spenders and Republican supply-siders, the dollar is on its way back to being a stable unit of purchasing power.

Politics Today by Malcolm Rutherford will appear tomorrow.

Lombard

The dilemmas of nuclear strategy

By Ian Davidson

IF SERENDIPITY is the knack of getting something right by accident, then in terms of timing both Professor Laurence Martin and Dr Lawrence Freedman have lots of it. When Professor Martin was asked, 18 months or so ago, to give the Reith Lectures currently in progress on Radio 4, he thought that he would have to take as his theme the need for public opinion to wake up to the importance of defence issues. When Dr Freedman started work, over five years ago, on the research for his *The Evolution of Nuclear Strategy**, he certainly did not foresee that it would appear at a time when public opinion in the western world is more interested in, and more agitated about, nuclear issues than at any time for the past 20 years.

For anyone interested in the subject, Freedman's book is likely to be required reading. As the title implies, it is a history of how nuclear strategy has evolved since the detonation of the Hiroshima bomb until the present day.

Broadly chronological in structure, it makes reference to the major events in the "real world"—the Berlin crisis, the Cuba crisis, the cancellation of Skybolt, the French withdrawal from Nato, and so on. But it is primarily a history of the intellectual theories of nuclear strategy: deterrence, graduated deterrence, assured destruction, counter-force an dcounter-value, first strike, second strike and so on. The 20-page bibliography provides a valuable guide to the writings of that peculiar 20th Century phenomenon, the academic community which has made its living by writing about nuclear weapons, from Bernard Brodie and Basil Liddell Hart to Colin Gray and Laurence Martin.

When this evolution is compressed between hard covers, two very interesting points emerge. The first is that all the dilemmas of nuclear strategy have been present ever since the Soviet Union acquired a substantial nuclear capability and none of them have been resolved. In a Darwinian sense, it is rather hard to maintain that there has been any evolution at all.

For a quarter of a century strategists have been wrestling with the problem of credibility: how can the U.S. threaten, in the event of a Soviet attack on western Europe, to use nuclear weapons, when such a step could lead to the deaths of millions, or even tens of millions of American civilians?

The answers to this conundrum have varied and some old answers have a habit of reappearing as if they were new. Europeans have become agitated over the current U.S. doctrine of multiple targeting options on the ladder of deterrence, without being aware that multiple options go back as far as McNamara under President Kennedy 20 years ago. Dr Stephen Canby in the U.S. has put forward proposals for strengthening Europe's conventional defences *without* spending a lot more money—just like Liddell Hart 20 years ago.

The second curiosity is that much nuclear theorising has been conducted in a vacuum, in terms of intellectual abstractions. First operational research was the fad, then games theory, then the arithmetic of technology, with much less regard being paid to geo-political strategy. Perhaps this is because Americans are always over-impressed by academics.

What comes over most clearly from both Dr Freedman and Professor Martin is a sense of anxiety, if not actually of despair, at our collective failure to make the world less dangerous. "The position we have reached," says Freedman, "is one where stability depends on something that is more the antithesis of strategy than its apotheosis—on threats that things will get out of hand, that we might act irrationally, that possibly through inadvertence we could set in motion a process that in its development and conclusion would be beyond human control and comprehension. . . . To believe that this can go on indefinitely without major disaster requires an optimism unjustified by any historical or political perspective."

**Published by Macmillan, £25.*

Letters to the Editor

Money from Mars—the case for chocolate coated ingots

Mr R. Lane Fox

—Nicholas Colchester mber 24) argues that his ıal unit of account, the Bar, "preserves a remark- constant real value" and the falling pound as a ıre of the cost of his work, nd play.

remarks on its recent ement (from 57 to 59 nes) but his table of prices some sharp falls in his s basic weight. These took the late 1960s and peaked e appalling inflation of late prices during 1973 which, among others, the olate Bar Oliver biscuit never recovered.

licts who remember the of 1965 may care to join pressing for a fixed Grand s Bar (or granny Bar) to ı Mr Colchester can then e cost of his life with more lence.

ı Lane Fox.
College, Oxford.

Mr J. Janikiewicz

—Lombard says (Novem- 4) that the Mars Bar is a ncy for our time, being "a le unit of account" which the years "preserves a re- ably constant real value." macroeconomic terms, this indeed be true. But what ıe individual? What of d Marshall's views on sub- e utility? My own re- hes, spanning some 30 , indicate that the value e Mars Bar has dropped. ıen hungry at school, I l one Mars Bar quite suffi- Today I can manage three.

anikiewicz,
Tufnell Park Rd., N.19.

Mr C. Lewis

—Lombard's Mars Bar y (November 24) is of er value than suggested. not only a nutritious ionary index, but as its expands and contracts at given price level according ıe bulk commodity costs s ingredients, it is also ılid forecasting measure. merest whisper of "a ter Mars Bar over the next h" should mean a great to those in the know.

Lewis.
Vestbourne Terrace, W2.

Mr B. Crowley

, — I was very interested ead Mr Colchester's com- s in the "Lombard" nn on November 24. I agree ely that the Mars Bar ld be the currency of our . I should, however, point out the true originator of this idea is Mr Sydney Craine, who was deputy headmaster at Kirkham Grammar School during the time I was there. Mr Craine was prompted to use the Mars Bar as a unit of currency following the opening of the school tuck-shop, an enterprise in which he was a prime mover. (Perhaps this was in an effort to acquire in advance of the market an article which would in the future become a traded currency.)

Mr Craine put forward the idea in the late 1960s; I cannot remember the exact date or even the exact year, being at that time more concerned with trying to master French grammar than the working of the international monetary system. Mr Craine shared my concern and on more than one occasion remarked that perhaps I should pay even greater attention to my French. As my French was a great disappointment to him, I hope that I will somewhat redeem myself in championing him as a far-sighted fiscal reformer. Mr Craine also ensured that the school's annual Easter Fair made money, so you can see that his use of the Mars Bar as a unit of currency was no flash in the pan.

In my present employment with Edward Billington (Sugar) of Liverpool, I actually have a particular interest in the movement of the Mars Bar because, as you point out, the Mars Bar is a basket of staple commodities and thus a useful market indicator.

There are at present futures markets in some of the commodities which make up a Mars Bar, but none in the Mars Bar itself. It seems to me, however, that futures trading in Mars Bars could help the investor in a commodity portfolio to spread his interests while only having one price movement to consider. Gas oil and potatoes — why not Mars Bars? As a serious financial journal, I would expect that this would be the sort of matter you should discuss in more depth.

Brian Crowley.
85, Colebrook Road, Aigburth, Liverpool 17.

From Mr K. Edis.

Sir,—It was encouraging to learn from Nicholas Colchester that I am not the only one to use that affordable "ingot" the Mars Bar as a true measure of currency. I suspect, however, that he has forgotten one important factor in his calculations and that is the variable size of this enjoyable "ingot."

Since my first job as a paper boy at 30 MB's per week (4d each) there have been numerous increases before the latest reported move from 57 to 59 grammes per ingot. Should not Mr Colchester have discounted his results to cater for these? I can remember at least ten occasions when this little ingot has been increased in size by as much as 10 per cent (according to the wrapper) which would mean that the 1940 Mars Bar was approximately 24 grammes. A weight-adjusted table would suggest that we have made greater progress than Mr Colchester calculates.

I am of course relying on my memory. Perhaps a licensed dealer in Mars Bar ingots or the chairman of the Mars Bar Exchange in Slough could comment further for the benefit of your readers.

Kenneth J. Edis,
Swancroft House,
Compton Martin, Avon.

From Mr D. Pugh

Sir, — In noting Mr Colchester's example of usings Mars Bars to illustrate the falling value of the £ from 1960 to 1981, he overlooks one fundamental point — the falling value (in real terms) of a Mars Bar in the same period.

The Mars Bar I remember as a ten-year-old in 1960 seemed considerably thicker and bigger than the Mars Bar of 1981. (Alternatively, perhaps it was my mouth which was smaller in those days!)

D. Pugh.
15. Moray Drive,
Meadow Rise,
Torrance, Glasgow

From Mr J. Carter

Sir,—Why, oh why did I not publish? Had I done so it would have been your contributor Nicholas Colchester not I who would have been wringing his hands at having been upstaged and surely I need the kudos more than he. Frankly sir, I am not a regular reader of your admirable journal. For one thing at two Mars Bars it is rather beyond my limited means and for another it's about as much practical use to me as the "Ladies Directory" or "Playboy" would have been to one of those heroic singers of old who made the supreme sacrifice for their Art. When, however, I heard on the wireless of the contents of your "Lombard" column I threw parsimony to the winds and rushed out to buy a copy.

Some years ago my daughter accused me of stinginess in the matter of weekly pocket money. "After all, what's a measley quid?" she asked. "Good grief child." I replied, "when I was your age I got a couple of bob." "What's a couple of bob, Dad?" I racked my brains for a way of conveying its value. "Well," I answered, "if I'd blown the lot on Mars Bars I could have bought a dozen." (I can just remember when they were tuppence each, soon to rise by 50 per cent.) I was, like many a better economist before me, hoist with by own petard. "Dad . . . how many Mars Bars do you think I can buy for a quid?" (The Mars Bars stood at 10p at the time.)

Clearly we have here another example of the simultaneous discovery of an important truth. All credit to Mr Colchester for offering it to the world at large. I was fascinated to see the powerful way in which he had extended its use to such things as Rolls-Royce motor cars and luncheon at Simpsons. Here we have applied it to such mundane matters as bus fares, postage stamps, telephone calls and theatre seats. I have found it capable of calming much righteous indignation and have offered it in private to one or two friends. I am truly delighted that this useful measure of value should achieve wider recognition.

But sir, we must be careful that this excellent sweetmeat is not pushed beyond its natural capabilities. As a means of exchange and as a store of value it has considerable limitations and I shudder to think of the problems that would arise if my employers were to hear of it and decide to pay me in this virtually inflation-proof currency. This month's salary would have brought me some 3,300 at today's prices.

J. O. N. Carter, BSc(Econ) (Pass).
13, Queens Parade,
Brandon Hill, Bristol.

From Dr P. Mitchell, FRS

Sir,—Lombard's real money from Mars simply illustrates the subconscious idea of Everyman in this world that money represents the diminishing purchasing power of our paper currency. If only the financial experts would stop confusing money with currency, the natural concept of money as the realisable worth or purchasing power of the stuff used as currency might stand a reasonable chance of becoming generally adopted — for the benefit of all, including Lombard.

(Dr) Peter Mitchell, FRS.
Resident Director of Research,
Glynn Research Institute,
Bodmin, Cornwall.

UK COMPANY NEWS

Unilever plans Equalisation changes

BY DUNCAN CAMPBELL-SMITH

Unilever, the Anglo-Dutch multinational, proposes a number of amendmetns to the group's Equalisation Agreement which governs the calculation of dividends payable in sterling and in Dutch guilders to the shareholders of the K and Dutch companies

The agreement was established in 1946 to equalise these dividends but its aplication has been distorted in recent years by hte volatility of the sterling/guilder exchange rate. This resulted last March in a surprise reduction on technical grounds, of the UK final dividend.

The essence of the amendments is that both companies should in future have the ability to issue "differential dividends." These will be issued "only in extreme circumstances" where the present agreement would otherwise lead to the payment only of a property calculated but nevertheless unreasonable dividend.

When one of the two companies resorts to a differential dividend, the other will receive an equivalent amount of group profits, credited to an "Equalisation Reserve." Should this second company subsequently pay its own differential dividend, it would reduce the reserve by the same amount. Reserves could not be held in both companies at the same time.

The amendments are intended to mitigate short-term currency movements but not to shield the recipients of dividends in either currency from broader exchange rate changes. Differential dividends can only be made so long as the balancing reserves does not exceed a "quantum limit." This is defined as one year's aggregate dividend of the company holding the reserve (based on the average of the three preceding years).

Directors in either company can choose to pay shareholders, as a dividend, all or part of a reserve held by their company should it reach 70 per cent of this quantum limit.

The amendments further provide for a Deferred Dividend Reserve. Either company, or both, can set this up to receive any part of a dividend unpayable immediately on account of legal restrictions such as dividend controls. Distribution of this reserve would then follow "as soon as circumstances permit."

Technical changes to the application of the existing agreement provide for interim dividends in the two currencies to be balanced at the rate prevailing at the end of the quarter preceding the declaration. The rate applicable to the final dividend will be that prevailing at the end of the year, rather than on the day of the declaration as in the past.

The amendmetns will be put before shareholders for their approval at meetings to be held in London and the Netherlands on December 18.

See Lex

HIGHLIGHTS

Loss elimination in the home market and a strong overseas performance has allowed **Courtaulds** to show pre-tax profits of £20.5m against £2.8m in the six months to September and payment of interim dividends is resumed. Mr. John Harvey-Jones has been appointed to the chair of **ICI** and Lex looks at the state of the company he has inherited. The column then moves on to consider the **Thos. W. Ward** rejection document to **RTZ's** bid and the figures from **Tunnel** (Ward's associate) which were also published yesterday. Finally Lex looks at **Unilever's** proposals to reduce the rigidity of the Anglo-Dutch dividend equalisation agreement. On the inside pages Redland is pushing hard to avoid a second year of decline. The company also replied to the Monopolies Commission's report on the roofing tile sector. On the bids front **Tootal** is selling out of its Australian associate Bradmill and **United Engineering Industries** reveals details of a substantial merger with a private company.

Redland dips 9%: current trading better

THERE WAS a 9 per cent slip in Redland's first-half taxable profit chiefly because of a poorer outcome from the West German subsidiary Braas and Co. The group's taxable total was down from £23.07m to £21m but the decline at the trading level from £21.93m to £18.35m was an even sharper 16.3 per cent.

Sales by this supplier of materials and services to the construction industry were 9.7 per cent higher at £273.6m (£249.49m) though the group's own sales were only 0.6 per cent better with growth overseas slightly ahead of the decline in the UK.

Because of the lower result from Braas the total tax charge was down from £9.55m to £8.18m enabling stated earnings per 25p share to show a 2.7 per cent rise to 9.18p (8.94p).

The company says that current trading is showing a slightly more favourable pattern and exchange rates have moved in the group's favour. But the directors points out that the final outcome depends on the weather and year end exchange rates.

The net interim dividend is being maintained at 2.67p. Last time a total of 7.34p was paid fro mtaxable profits of £46.76m.

Half time profit before tax included a £1.97m (£660,000) gain from the sale of land and was struck after depreciation and deletion charges of £9.73m (£11.06m) and interest costs down from £3.55m to £3.06m.

Attributable surplus emerged down from £10.89m to £7.64m because of a £3.61m extraordinary debit this time arising from a provision against losses on closure of the concrete pipe division in England and a loss of sale of interests in a subsidiary and an associate.

In the UK profit before tax and interest fell 5.3 per cent to £11.78m with more from sales of surplus land offsetting the absence of a contribution from Redland Purle after its disposal in December.

The directors say that the decreasing rate of demand seen in UK construction in the second half of last year appeared to have slowed down during the six months and activities in the most recent months are close to the low levels of a year ago.

In Europe sales by Braas improved in the second quarter but not sufficiently to recover from first quarter trading losses on lower volume because of bad weather. The recession has also taken its toll on volumes in Redlands other European operations.

In the U.S. very high interest rates had a major impact on the levels of both new housing and renovation works which hit the group's profits there. In total, overseas trading profit fell 30.9 per cent to £6.57m.

The share of associates pre-tax was £5.71m (£4.69m).

● **comment**

Redland is working hard to prevent a second consecutive year of profit [illegible] beginning of the year the [illegible] workforce has been reduced by 8 per cent, while profits from land sales have been pushed up from £0.7m to £2m. Meanwhile, trading losses from the concrete pipe division have been pushed firmly below the line with the closure costs. So, in spite of the sale of Redland Purle, UK trading profits are only down 5½ per cent at £11.8m. Abroad, Australia is moving ahead, while the predicted downturn at Braas in Germany has fed through, via a lower tax charge and minorities, to higher attributable earnings. In the UK the second quarter has seen healthier demand than the first, while there has been a recovery at Braas, so the outcome should be in touch with last year's £46.8m. The shares rose 6p yesterday to 166p, where the yield is 6.4 per cent.

Redland yesterday hit out at the Monopolies Commission's recent report on concrete roof tiles. The directors said that the main conclusions reached by the Commission were not substantiated by the evidence and that the action recommended was not justified because:

- **The report acknowledges that Redland Roof Tiles is an efficient producer of high quality products.**
- **No significant complaints against the company from specifiers, purchasers or users were reported.**
- **Over the period under review prices of concrete roof tiles rose by less than those of their main raw materials.**

The board went on to say that it deplored the fact that the Minister for Consumer Affairs announced her acceptance of the Commission's findings "without first affording the company an adequate opportunity to discuss its objections with her."

Redland pointed out that the report was in error in making its findings against Redland Ltd., the non-trading holding company when the reference should have been to Redland Roof Tiles, a trading subsidiary. The company intends to "take all steps available to it to redress the harm which it considers it has suffered."

SPAIN

November 25	Price %	+or−
Banco Bilbao	338	
Banco Central	342	
Banco Exterior	310	
Banco Hispano	324	+3
Banco Ind. Cat.	115	−2
Banco Santander	371	
Banco Urquijo	217	
Banco Vizcaya	359	
Banco Zaragoza	216	
Dragados	150	−5
Espanola Zinc	65	−1
Fecsa	69.7	
Gal. Preciados	55	
Hidrola	61	−0.2
Iberduero	56.5	−1.0
Petroleos	100.0	+1.3
Petroliber	83	+1
Sogefisa	40	−1
Telefonica	79.5	−0.5
Union Elect.	76.2	−1.3

SCOTTISH ALLIED

Scottish Allied Investors has made its first investment, a 20 per cent equity interest in a Selkirk-based company, Met-Etch (Selkirk), trading as MEPD. The cost of the investment is £150,000, consisting of 10,000 ordinary shares of £1 each and £140,000 of a floating rate secured loan stock, both subscribed for at par.

BURNDEPT/DYMAR

Burndept Electronics, the mobile radio communications company based in Erith, Kent, has made an offer to acquire **Dymar Electronics** of Watford, Herts., a company also active in this field. The offer carries the recommendation of the Dymar directors and completion is [illegible] early in 1982.

Mercury Securities' warning

FIRST HALF profits of **Mercury Securities**, the parent of S. G. Warburg the City accepting house, are in line with those for the first half of last year but the group warns that "expenses continue to rise while economic and business conditions make it increasingly difficult to achieve corresponding growth in revenue."

The group's traditionally spartan interim report gives no indication of how it plans to redeploy the £30m it raised from the sale of its metal dealing subsidiary, Brandeis Goldschmidt, nor how it may be affected by the French Government's nationalisation of Paribas, with which it has close connections.

The sale of Brandeis, Goldschmidt will boost the group's short-term profitability since current high interest rates should enable better earnings to be made on the £30m cash.

The sale means that the S. G. Warburg merchant banking operation now accounts for around 90 per cent of Mercury Securities. However, the key question now is how the group will develop following the nationalisation of Paribas which is a significant part of the group's international interests.

R. Jenkins profits slump

Yorkshire-based **Robert Jenkins (Holdings)**, the process plant maker which has its shares traded on the market made by M. J. H. Nightingale, has reported pre-tax profits almost completely eroded in the six months to September 30 1981; at £25.00 against £169,000.

The plunge came on higher turnover of £8.1m (£7.33m). However Mr Robert Jenkins, the chairman, expects some improvement in the second half and a modest year's profit. Last year this reached £601,000.

The interim dividend is maintained at 7p net per £1 share, but shareholders are advised that the total must depend entirely on the outcome and trading prospects at the year-end. The 1980-1981 distribution totalled 21.889p.

Earnings per share are stated as 1.3p (15.4p).

Debits of £12,000 each time were made for minority interests. No tax was due

Every company in the group is still adversely affected by the recession, the chairman says, but each "is continuing to strive to emerge in good shape."

A recent upturn in orders has been noted at many plants, and some are certain to be kept busy into the next financial year.

Courtaulds recovers to £20m and pays 1p interim

IN THE first-half of its 1981-1982 trading year, **Courtaulds** has picked up from the previous year's depressed levels to record a pre-tax profit of £20.5m for the six months ended September 30, 1981. This compared with £2.8m for the same period of last year and with £2.3m for the second-half of 1980-81.

External sales for the first-half showed a slight improvement from £857.9m last time to £860.5m, with a reduction in UK sales and exports compensated by an increase of £64.5m from overseas operations. The group's interests cover man-made fibres, textiles, chemicals, pulp, packaging, paint, plastics and engineering.

The group is restoring the interim dividend after last year's omission, with a payment of 1p net per 25p share— the final last time was 1p.

At the trading level, the group turned in higher profits of £29.2m, compared with £16.1m. Actions taken at home to close loss-making units resulted in a UK profit of £1.1m for the period, against respective losses of £1.6m and £9.3m in the first and second halves of 1980-81.

The reduction in UK sales from £414.5m to £388.8m is entirely due to a decline in volume. Prices were virtually unchanged and the small increase in margins despite higher costs reflects greater productivity, the group states. As yet, there has been no material recovery in UK demand.

Results of the group's overseas operations were considerably more buoyant than those in the UK, helped by the fall in the value of sterling which contributed £37m to sales of £318m and £2.5m to trading profit of £28.1m (£17.7m). Overseas activities have continued to show an improvement in the second-half.

Exports from the UK, including inter-group, were down from £218.5m to £189m in the first six months.

Associates contributions showed a decrease from £2.4m to £2.1m, but interest payable, net of investment income, was reduced to £10.8m (£15.7m). Tax charge more than doubled from £5.2m to £10.7m and after debiting minorities of £5.7m (£3.9m) and the preference dividends, profit attributable to ordinary holders came through at £4m, against a £6.4m deficit.

International Paint

Taxable profits of International Paint, in which Courtaulds has an interest of some 88 per cent, advanced from £11.8m to £16.5m for the half year to end September, on higher sales of £171m, compared with £134.3m.

The net interim dividend is being lifted from 0.96p to 2p per 25p share, reflecting both the profits improvement and the need to provide a more appropriate balance in future between the interim and final dividend— the previous final was 2.545p.

An improvement in results is expected in the second half of the current year over the comparable period of 1980-81.

Trading profits rose from £10.6m to £15m at mid-term. Overseas profits increased substantially, particularly in Australasia, the U.S., Brazil and the Far East. The effect of this improvement is enhanced by the weakening of sterling, with trading profits £1.2m higher than if exchange rates at September 30, 1980, had been used (£2.2m higher if the fall in the Brazilian cruzeiro is excluded).

Interest again took £0.8m, while associates contributions rose to £0.7m (£0.4m). Tax charge went up from £4.5m to £5.4m and after deducting minorities of £2m (£1m) the attributable surplus moved ahead from £6.3m to £9.1m. The interim dividend absorbs £1.5m (£0.7m).

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Brockhouse	1	Feb. 18	1	1	3
Buckley's Brewery ...int.	0.7†	Jan. 11	0.7	—	2.35
Carless Capel ...int.	1	Jan. 13	1	—	2.75
Castlefield (Klang)	5	Jan. 15	4.3	14‡	6
Courtaulds ...int.	1	Jan. 11	nil	—	1
C.P.I.	5	Feb. 12	4.5	8	5.5
Extel Group ...int.	2.5†	Jan. 8	2.35	—	8
French Kier ...int.	1.1	Jan. 15	0.95	—	3.25
Fulcrum Trust...2nd int.	2.5	Dec. 31	2.5	4.6	4.6
Arthur Holden ...int.	2	Jan. 8	2	—	5
International Paint int.	2	Feb. 8	0.96	—	3.51
Killinghall (Rubber) ...	10	Jan. 15	10	14	14
M. and G. Second ...int.	4.3	Jan. 18	4.3	—§	7.8
Prop. Reversionary int.	1	Jan. 30	1	—	3
Redland ...int.	2.67	Jan. 25	2.67	—	7.34
Scottish Inv. Trust	2.9	Feb. 9	2.6	4.6	4.3
Silverthorne	1.25	Jan. 18	1	1.75	1.5
600 Group ...int.	2.34	Jan. 15	2.34	—	5.25
Tunnel Holdings ...int.	6	Jan. 25	3.5	—	15.5
United Gas ...int.	1.4	Jan. 15	1.4	—	4.7
Wheeler's ...int.	1.55	Jan. 18	1.55	—	5.88

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquistion issues. ‡ Includes 7p special payment. § Total 7.8p forecast.

Tunnel confidence holds steady

THE CONFIDENCE expressed in the last annual report has proved to be justified by the results for **Tunnel Holdings** for the 26 weeks to September 27 1981. A 16 per cent rise was shown in pre-tax profits from £7.53m to £8.76m on sales higher at £75.23m, compared with £54.22m.

The directors say the interim results gives them confidence that the outcome for the year will fulfil their July forecast of an improvement over the previous year. For 1980-81 a total dividend of 15.5p was paid from pre-tax profits of £15.55m on total sales of £107.28m.

The net interim dividend, of this construction materials and services group, has been lifted from 3.5p to 6p. In normal circumstances the directors would have expected the final dividend to be not less than the final of 12p last time. Earnings per share are given as 27.9p (22.2p).

The results were achieved despite universally por trading conditions say the directors. They point out there was a near 30 per cent rise in trading profits from £5.34m to £6.93m. A breakdown of trading profits by divisions shows: construction materials and services £4.74m (£4.35m): speciality chemicals £2.27m (£1.05m); and waste management services loss at £82,000 (loss £54,000).

A combination of cost reduction benefits and increased market penetration in the construction materials and services division more than offset a further serious decline in UK demand, say the directors.

The doubled trading profit from the speciality chemicals division was mainly due to a first contribution from Alcolac. The division was also helped by the strength of the U.S. dollar. The cash purchase of Alcolac was mainly responsible for interest charges of £1.49m (£150,000 credit). Higher interest rates also greatly accentuated the figure.

Waste management continued much as before, but the directors say there are increased expectations of overseas plant construction.

Associates benefited from excellent performances by Ribblesdale and Metro, state the directors—share of profits from associates rose from £2.04m to £3.32m.

Tax took £2.55m (£1.94m).

Exchange gains this time acounted to £545,000 against losses last time of £231,000. Minority interests were nil (£11,000). There was an extraordinary debit of £118,000 (nil) leaving attributable profits of £6.64m (£5.35m).

United Gas improves to £1.16m

THE BENEFITS of last year's reorganisation are becoming apparent at United Gas Industries with a jump in pre-tax profits from £767,000 to £1.16m for the half-year to September 27 1981, almost regaining the 1979 level of £1.17m.

The directors say that the group is much more soundly based than before and, barring unforeseen circumstances, the improvement should be maintained.

Taking a longer term view, however, the directors feel the results are no more than satisfactory. The advance is due to a significant improvement in the efficiency of UK-based companies. Appliance companies have done particularly well compared with the previous first half.

The performance from most of overseas operations has been disappointing and corrective action is being taken to bring their efficiency into line with companies at home.

In his statement covering the year to March 1981 the chairman forecast a considerable increase on those poor results. Pre-tax profits for that period were £1.65m (£2.34m) on sales of £51.7m (£49.73m) from which a total dividend of 4.9p net per 25p share was paid.

Sales this time were lower at £21.69m compared with £25.16m, which had included £1.35m in respect of two subsidiaries disposed of in the last second half.

The interim dividend has been maintained at 1.4p. Pre-tax profits were struck after interest on London term loans of £104,000 (£102,000). Tax increased to £291,000 (£192,000), leaving attributable profits higher at £827,000 (£530,000).

● **comment**

United Gas Industries is another company whose results are improving rapidly more because of internal cost cutting and loss elimination than from any significant improvement in trading. The group's UK labour force has been cut by a third in the past year and a half, two divisions that together lost £244,000 last year have been closed and short-term borrowings have been reduced by a third. UGI got off to a slow start this year because British Gas found itself overstocked with gas fires. Also, demand for domestic and industrial gas meters, the group's largest business, remains weak. British Gas delayed its promotion of domestic heaters this year and so the group is looking for a strong second half from Robinson Willey and Berry Magicoal. Pre-tax profit for the year should reach the £2.3m level of two years ago and perhaps match the 1978-79 record of £2.5m. The shares have been rising steadily from 58p in early October and put on another 5p yesterday to 74p where the prospective fully-taxed p/e of 9.5 does not look too demanding. The 9.6 per cent yield is helpful too.

Soaring sole prices dent Wheeler's half year profits

A FALL from £237,012 to £172,943 in pre-tax profits is reported by **Wheeler's Restaurants** for the six months to October 2 1981. Turnover of this "close" company, which owns 14 oyster and fish restaurants in London and Brighton, rose slightly from £3.39m to £3.48m.

Mr Ronald M. Emmanuel, the chairman, warned in August that the company was trading in the worst economic conditions for many years and this has been reflected in the first half results.

He now says trading conditions remain extremely difficult but there has been a small improvement in current trading. As a result, the interim dividend is maintained at 1.55p—last year's total was 5.88p.

Tax for the half year took £98,934, compared with £132,138, and after extraordinary debits of £19,672 this time, net profit available is £54,337, compared with £102,114—the comparable figure includes minority debits of £2,760. The result of the associated company, Colchester Oyster Fishery, has not been brought into account because of the seasonal nature of its trade.

Commenting on the first half's working, Mr Emmanuel says the number of customers served has fallen, while the price of sole, which constitutes a high proportion of its cost of sales, increased to the company by nearly 30 per cent. He adds: "In the current economic climate, the directors did not think it advisable to pass on all the increase in costs through higher restaurant prices, and accordingly profit margins suffered."

In order to help alleviate these rising costs and to secure its sources of supply, it has purchased the outstanding minority interest in Wheeler's (Fishmongers) and acquired the business of a wholesale fishmonger in Billingsgate Market, London. The goodwill purchased or arising from these transactions has been written off as an extraordinary item in accordance with group policy.

The programme of works at the Royal Hotel, Brighton, which forms part of the Sheridan Hotel, has been completed. There is now a total of 57 bedrooms available, together with lounge bars and conference facilities.

Moray Firth in 40p per share call today

Moray Firth Exploration, a company established last year to participate in applications for seventh round North Sea oil exploration licences, is making a call of 40p per share on its shareholders today.

The 4.4m £1 shares will then be 50p paid and dealings are to begin under Stock Exchange rule 163 (3) on November 30.

Moray Firth, which is advised by Cluff Oil, is a 20 per cent member of a consortium headed by Tenneco United Kingdom which was recently awarded a licence on block 12/28 in the inner Moray Firth.

Trusthouse Forte has an 18.75 per cent interest in Moray Firth and Prudential Assurance has 15 per cent.

THE TRING HALL USM INDEX
115.9 (+0.8)
close of business 26/11/81
BASE DATE 10/11/80 100
Tel: 01-638 1591

CORAL INDEX
Close 522-528 (+8)

OIL INDEX
December Refined $44.10
January Refined $44.40
March Refined $44.40

كماليات الاول

UK COMPANY NEWS

ames 'urrough own 16%

K REDUCTIONS by uers are blamed by James ugh, distiller of Beefeater nd Borzoi vodka, for a 16 ent drop in pre-tax profits 24m for the six months to st 31 1981.

company's shares are 1 in the market made by H. Nightingale and Co.

es, including duty, ied from £17.12m to £16.4m, y in these two brands. operations, which include y food products, increased ver.

maintained interim dividend 8p net per 25p share is red. Last year payments ed 6.1p on a taxable surplus 14m.

s level is expected to be with a second interim in 1982 no less than the ous 4.3p. Mr Alan ugh, the chairman, believes d-half sales will improve iopes this will be reflected ofits.

ivestment sposal helps illinghall

ding surplus of Killinghall ber) Development Syndicate l ahead from £32,307 to 6 for the year to June 30 but including £50,254 this on the disposal of an invest- the pre-tax figures were up £174,511 to £211,857.

nover rose by £15,022 to 364, while investment in- fell back to £87,531 534) and associates share to 56 (£45,670).

er tax of £92,715 (£87,197) l earnings per 10p share ahead to 15.13p, compared 11.09p. The final dividend is 10p for an unchanged total 4p net, costing £110,250 e).

cruttons at 245,000 for x months

e-tax profits of Scruttons, manager, totalled £245,000 he six months to June 30, on turnover of £5.93m. The es compare with the 15 ths to December 31 1980 1 taxable profits of £880,000 returned on turnover of m.

x for the half year took ,000 (£493,000) and after orities the attributable nce emerged at £86,000 7,000). Extraordinary credits, ng from the sale of listed stments, amounted to ,000 (£47,000).

ated earnings per share were (6.2p) and interim divi- s of 1.5p and 0.0151515p are paid respectively on the shares and 10p ordinaries. is expected that attributable s before extraordinary items he second six months will 1 line with those of the first Development at the oria deep-water terminal has completed, a new crane lled and initial indications affic on the new Bell Line are encouraging.

e company's shares are dealt n the market made by H. Nightingale and Co.

I & G Second 'rust steady t £629,197

most the same-again results shown by M and G Second l Trust for the six months to ember 30 1981, with pre-tax nue emerging at £629,197, nst £629,471 last time. In last full year pre-tax revenue £1.11m.

ne net interim dividend is at 4.3p and the directors cast a final of at least 3.5p a same-again total of 7.8p.

sset value per 4p capital e based on middle quoted es for M and G Dividend d Income units on November s given as 63.2p (63.1p).

Extel expands 33% and raises interim payout

FOR THE six months ending September 1981 taxable profits of Extel Group advanced from £1.2m to £1.6m, an increase of 33 per cent, and Mr Alan Brooker, the chairman, says although the rest of the year will not be easy present indications are that last year's profit should be exceeded.

The net interim dividend is being stepped up from 2.25p to 2.5p on the capital increased by the recent rights issue but it is pointed out that the rise should not be taken to indicate a higher total: it is designed to bring the interim dividend more into line with the rate at which profits are earned—last year's final of 5.75p was paid from pre-tax profits of £3.58m.

Half-year turnover of this communications and information services group improved by 13.6 per cent to £45.54m (£40.07m), including total advertising billings, and trading profits came through at £1.73m, against £1.54m.

The pre-tax surplus included a share of profits of associates of £71,000 (£126,000) and was after interest charges of £303,000 (£458,000)—lower mainly as a result of reduced borrowings and the proceeds of the rights issue received in August.

Tax took £630,000 (£468,000). The charge was reduced by £315,000 (£53,000) from permanent timing differences in the treatment of expenditure for accounting purposes. After minorities of £70,000 (£3,000) the attributable balance emerged at £901,000 (£738,000).

Stated earnings per 25p share improved by 0.5p to 8.4p per 25p share.

Current cost accounting reduces the pre-tax profit to £1.02m (£684,000) and on the same basis earnings per share were 3p (2.3p).

Commenting on the half year Mr Brooker says the increased profit arose from useful contributions from 1980's acquisitions and further progress by Extel-PA Show. Robophone profits were reduced and the cost of providing sporting news to Prestel was very much higher than last year. As a result, the group is no longer an information provider to the Prestel service, although some costs remain to be borne in the second half year, the chairman adds.

● comment

Extel has a bit of a fight on its hands to achieve its seventh successive year of earnings growth. Trading conditions in its main businesses remain difficult: the big new entry for minorities shows that the 13 per cent increase in trading profits comes largely from a strong first-time contribution from Digital Microsystems. The increase at the pre-tax level is much more dramatic but last year's figure was depressed by the cost of financing the Stace acquisition. In contrast to last year when printing profits finished well ahead and advertising income was depressed, the group is now fairly optimistic about advertising but worried about printing. The second half will benefit from the elimination of interest charges after the July rights issue and from continuing progress at Digital. But the group needs a 30 per cent increase at the pre-tax level on last year's very good second half result to make £4.7m for the full-year and avoid a reduction in earnings. That could be within reach and the shares, down 3p to 245p, would then carry their usual fully-taxed rating of about 13 on the average weighted capital. Assuming a maintained final dividend, the yield is under 5 per cent.

Buckley's Brewery advances

LLANELLI-BASED Buckley's Brewery, which announced a £1m rights issue in July, has at the interim stage kept to its forecast of maintaining the year's dividend levels on the increased capital. Pre-tax profits for the half-year to September 26 1981 advanced from £510,677 to £562,405 on turnover ahead at £5.2m (£4.52m).

Trading profits of £544,366, against £500,838, were supported by the inclusion of profits on the sale of properties reaching £130,887 compared with just £600. Beer production brought in a lower £403,875 (£465,726) and wine and spirit merchanting £38,368 (£37,731). Llan mineral waters incurred a £28,764 loss (£3,219 loss with only four weeks' trading).

Felinfoel Brewery, its associate, supplied £32,882 (£28,639) in dividends, while interest charges were reduced from £18,867 to £14,914.

The interim distribution is again 0.7p net per 25p share. Last year a total of 2.35p was paid on the smaller issued capital.

Earnings per share are stated as 3.32p (3.91p).

Tax took £179,970 (£93,746). CCA adjustments reduce the taxable surplus to £379,530 (£363,685).

The rights issue—of 2.67m new 25p ordinary shares at 42p on the basis of one for every four held—was made in order to intensify the company's property maintenance and development programme

Improved trend for Carless

WITH ONLY a marginal rise in trading profit and the absence of the £1.7m exceptional gain seen last time, first half taxable profit at Carless, Capel and Leonard was down from £2.85m to £1.16m. The £17,000 improvement in trading surplus arose from an upturn in sales of solvents, and much improved earnings by the S. oil and gas subsidiary Carless Resources, says Mr John Leonard, the chairman.

Group turnover for the six months to the end of September 1981 pushed ahead to £32.46m (£27.8m)

Stated earnings per 10p share were down from 6p to 2.3p but the net interim dividend is being held at 1p.

On a current cost basis the company shows a loss of £242,000 for the half-year, compared with a £6,000 profit before the £1.7m exceptional gain which was derived from the sale of a trade investment and a realised exchange gain.

No tax charge has been made for the six months as none is anticipated for the year. There was no charge at halfway last time but a £264,000 debit was made in the fulltime figures.

Attributable half-time historic profit emerged at £1.14m (£2.85m) before the dividend again costing £493,000.

The chairman says satisfactory margins have been maintained in the petroleum refining and marketing business sector, in spite of adverse exchange rates. Customer re-stocking is a significant factor in the increased demand for solvents.

● comment

Interim figures for Carless Capel show a 59 per cent fall in pre-tax profits, but profits from normal trading (pre-interest and exceptionals) have risen by 23 per cent from last year's depressed level. Solvents, which account for the majority of turnover have improved but this is almost entirely due to restocking, though the company has increased its market share, and margins have improved by 10 per cent. However, oil exploration, not trading figures are the key to the share price and the recent rise (10 per cent over the past two weeks) is based on forthcoming drilling on block 16/21B, where recoverable reserves have been estimated at 10m barrels, and, in the New Year, three appraisal wells at Humbly Grove. Problems with local authority planning permission seem finally to have been overcome. The company now plans onshore drilling throughout next year. Following yesterday's news the price fell 6p to 144p giving a historic yield of 2.7 per cent. With profits for the full year expected to be close to last year's £3m, a prospective P/E is still astronomical, reflecting the long term hopes.

Slight progress at Scottish Inv. Trust

Net revenue of the Scottish Investment Trust rose slightly from £3.99m to £4.04m for the year to October 31 1981. Stated earnings per 25p share were 0.6p higher at 4.61p, while the total dividend is lifted from 4.3p to 4.6p net with a final of 2.9p.

At the year end, net asset value per share had increased from 169.3p to 176.5p, after prior charges at par.

The board says the trust has continued to move funds out of the UK and at the end of October 62 per cent of its investments were overseas.

Revenue was struck after deductions for interest of £764,000 (£890,000), expenses of £424,000 (£377,000) and tax of £2.51m (£2.41m).

Arthur Holden down 16%

AS FORECAST by the directors in July, pre-tax profits of Arthur Holden and Sons have fallen in the six months to September 30 1981. The figures show a 16 per cent decline from £1.09m to £907,000.

Total group sales improved from £11.43m to £13.73m, with UK subsidiaries contributing £6.37m (£6.13m) at home and £595,000 (£740,000) overseas. Sales by French subsidiaries totalled £6.76m compared with £4.56m. The improvement by French companies is because Galliacolor SA is now included in the half-year accounts.

However, profits from France are slightly lower as a result of adverse movement in exchange rates, and because Galliacolor is not yet contributing to profits during the period of reorganisation.

The directors say the second half of last year, from October 1980 to March 1981, was marked by low sales and profits. They expect to do better during the second six months of the current year, and they now consider that profit for the full year will be similar to last year's result when the pre-tax figure was £1.43m.

The first half tax charge was slightly lower at £363,000 (£399,000)

The interim dividend is maintained at 2p—last year's total was 5p. Dividends absorb £142,504 (£142,035). Stated earnings per 25p share are down from 9.68p to 7.8p.

Arthur Holden manufactures lacquers, coatings, varnishes, adhesives, powder coatings, corrosion resistant paints and printing inks.

MARANELLO

Maranello Concessionaires is creating a separate company which will operate independently and take over the current Ferrari retail selling activities of the group. It will be called Maranello Sales and will trade from the Egham By-Pass premises.

The activities relating to the distribution of Ferraris to the dealer network and other concessionary matters will be handled from the group's head office on the Thorpe Industrial Estate.

Standard Life new business shows growth

IT WOULD appear that the current economic recession has not affected the trading operations of the UK life assurance industry this year, if the new life and pensions results of Standard Life Assurance Company are indicative of the industry.

This company, the largest life company in Scotland, reports a 28 per cent rise in annual premiums to £27.1m and a 77 per cent improvement in single premiums to £36.4m on its UK ordinary life business, for the 12 months to November 15 1981. Standard Life is one of the few life companies not to end its financial year on December 31.

The company reports a 41 per cent rise in annual premiums on its mortgage endowment policies, despite the dullness in the house purchase market. This growth came entirely from ordinary building society business, there was little demand during the period for top-up mortgages. Its ordinary with-profits savings business remained steady, the company receiving around £1m in annual premiums from its first-ever mail shot of existing policyholders made during the year.

Self-employed pension business was particularly buoyant during the year with total annual premiums rising 19 per cent to £3.1m and single premiums more than doubling to £7.5m. These figures included for the first time unit-linked self-employed pensions business amounting to £735,000 of annual premiums and £2.5m of single premiums.

Executive pension business showed only a 4 per cent growth in annual premiums to £4.9m, of which £756,000 came from the new unit-linked plan. But single premiums rose 70 per cent to £3.8m of which £445,000 was new unit-linked business.

The trend in both self-employed and executive pensions business is for payments to be made more on a one-off single premium basis rather than investors taking on the regular commitment in an annual premium contract. This reflects the current uncertain conditions with many self-employed and small companies.

The company took £23.9m of single premium linked bond business in the period against £1.25m in the previous period, the latter figure representing only a few weeks trading since the launching in October 1980 of the linked business. This accounts for the strong growth in single premium business overall.

Total group life and pensions premiums rose 5 per cent to £180m of which insured business advanced 3 per cent to £131.8m and managed funds by 13 per cent to £48.1m. There were 119 new insured schemes and 38 new clients in the managed funds.

The company recorded a mixed pattern of ordinary life business in the Republic of Ireland, with single premiums nearly tripling to I£15.4m, but annual premiums dropping 8 per cent to I£900,000.

Business in Canada continues to move ahead steadily for the second successive year following the problems in the country. New annual premiums on ordinary life advanced 57 per cent to C$6.1m and single premiums by 6 per cent to C$22.2m. Group life and pensions business showed a 22 per cent improvement in single premiums to C$33.4m but a 43 per cent decline in annual premiums to C$3.4m.

BIDS AND DEALS

Tootal set to dispose of 49.5% stake in Bradmill

Tootal, one of Britain's largest textile group's, is all set to dispose of its 49.5 per cent holding in **Bradmill Industries**, a major Australian textile and clothing company, under a deal which could be worth A$39.8 (£23.9m).

This disposal represents further shrinkage in the size of the group which over the last three years has been rationalising it operations involving a cut in its British workforce from over 20,000 to just 11,000. Profits, before tax, have fallen steadily from a record £21.7m in 1977/78 to £7.3m in 1980/81.

Tootal's shares rose by 3p to 29½p on the London Stock Market yesterday, which compares with a year's high of 35½p. At the current level the group is capitalised at £52.3m — the proceeds from the planned sale would represent 45.7 per cent of this valuation.

Tootal announced yesterday that it had agreed to sell a 19.5 per cent interest in Bradmill, together with $4.5m of that company's convertible loan notes, to a subsidiary of Bruck Australia (a local textile group) for an undisclosed sum. This stake in Bradmill was disposed of through the sale by Total of a company called La Mode.

As a condition of the Tootal sale, Bruck (a subsidiary of Katies, a clothing chain) has launched a $A32.25m (£19.4m) takeover bid for Bradmill on the basis of 76 cents per share, plus a final dividend, which last year was 4 cents. On the Sydney Stock Exchange the Bradmill shares closed at A$1.01 after opening at 88 cents.

If, as seems likely, Tootal decides to accept this offer and sell its remaining 30.5 per cent interest in Bradmill the total amount to be derived from the sale of the assets will be A$39.8m.

Tootal says that although the share of the pre-tax profit of Bradmill attributable to the group on an equity accounting basis for the year 1980/81 was £3.5m, the cash flow to Tootal in the UK from the stake was only £0.5m. "This will be substantially increased if the proposed sale takes place and there will be a marginal improvement in Tootal's earnings per share," the company said.

After this disposal, which includes the Tootal trademark in Australia, the group's remaining interest in Australia will be Australian Thread which is profitable and has a significant share of the Australian thread market.

Tootal announced an initial purchase of 40 per cent of Bradmill in March 1978 for around $15m (£9m) and six months later Tootal sold its other Australian assets to Bradmill for $14m. At the end of 1978 the group lifted its stake in Bradmill to 49.9 per cent.

Earlier this month the group announced the sale of its U.S. retail store business, Ups 'n' Downs, to the U.S. Shoe Corporation, because of what the group described as "a continuing drain on profits." Ups 'n' Downs was purchased in January 1979 for £9.8m and represented Tootal's first U.S. acquisition since 1914 when it bought American Thread. Ups 'n' Downs is a retail group operating 155 fashion leisurewear shops mainly in the Eastern States.

Tootal sold its remaining retail interests in the UK in August 1979 with the disposal of the Van Allan ladieswear chain in a £16.5m deal with the UDS Group.

Tootal has been examining the Australian interests for the past 12 months. Tootal said the board had come to the conclusion that it should dispose of the interests (other than thread and nonwoven) "if a satisfactory price could be obtained."

The company said that there were a number of reasons behind this conclusion. Recent moves in Australia have indicated that the present level of tariff protection and import control may be reduced at a faster rate than was anticipated.

Also the policy of the Australian authorities would at present preclude the company from significantly increasing its stake in Bradmill and meanwhile Bradmill as a foreign-owned company does not enjoy the same flexibility as other Australian companies.

Tootal said that the present sale and the consequent opportunity to accept a formal offer for all the shares from an Australian purchaser "is clearly to the benefit of Tootal's shareholders since it materially enhances the balance sheet and future cash flow of the group."

In the first half of Tootal's current benefits of closures and reorganisation have shown through in a pre-tax profit of £4.23m. And the company has re-affirmed its forecast of a £12m pre-tax profit for the full year. Net debt at the end of January stood at £58.1m and is now understood to be "somewhat higher" but at a peak.

Graeme Johnson in Sydney writes:

Australia's national corporate watchdog, the National Companies and Securities Commission faces yet another test of its powers following the takeover bid for Bradmill.

The bid, if successeful, will mean a major rationalisation of the Australian textile and clothing industry following the seven year tariff reprieve the Federal Government gave the sector last year.

But suggestions yesterday centred on the reasons behind Tootal's sale of what appears a major asset and in gaining control of Bradmill at a discount to the market price.

Although Bruck is acting within the letter of the new National Takeovers Code the bid is understood to have prompted a close look at the transaction by the NCSC. Mr Joseph Brender, chairman of Bruck, said that the discrepancy between the bid and the market price for Bradmill was due to speculation that a bid was in the offing.

Ductile seeks support to keep independence

FINANCIAL TIMES REPORTER

SHAREHOLDERS of the Wolverhampton-based **Ductile Steels Group** are advised to resist a possible takeover bid for the company.

The plea came from Mr William Sidaway, chairman, who said the group would come through the recession in better shape if it remained independent.

Ductile shares were suspended at 97p on Monday because of a possible offer. But Mr Sidaway told shareholders at the annual meeting yesterday that no bid had yet materialised.

He declined to name the potential bidder — strongly believed to be Caparo Industries —and said the Ductile board had not entered into negotiations with a possible buyer.

Caparo now holds just over 20 per cent of Ductile, having made its last purchase of 250,000 shares a week ago. The Caparo chairman, Swraj Paul, was at the meeting, but was equally reticent about his company's intentions.

"We are just looking at Ductile at present. We have secured a stake, but that is all," he said. "It is obviously an interesting company for us, as we are already in steel but I would not share Ductile's view about recovery prospects."

Mr Sidaway said Ductile was now trading profitably after a pre-tax loss of £2.1m in the year to June 27. Output and sales were rising and all companies were back to normal working.

He said the past 18 months had been the most difficult in the history of the company but the fact that it had survived the "ordeal" was due to the qualities of the present Board.

GRANGE TRUST

The directors of **Grange Trust** state that in connection with the offers made by Courtaulds Limited Pensions Common Investment Fund, the formula asset value on November 17 1981 —the date on which the ordinary offer became unconditional as to acceptances—has been verified by Deloitte Haskins and Sells, reporting accountants, as being 157.37p per ordinary share.

BLANTYRE TEA/ EASTERN PRODUCE

The board of **Blantyre Tea Holdings** is to meet this week to evaluate the offer by **Eastern Produce Holdings**. In the meantime its chairman advises shareholders to take no action. Mr H. K. Fitzgerald will not be present at the meeting as he is chairman of Eastern Produce in addition to being a Blantyre director.

No probe into German stake in Eagle Star

The acquisition by **Allianz Versicherungs**, the largest insurance group in West Germany, of a 28 per cent minority shareholding in **Eagle Star Holdings** is not being referred to the Monopolies Commission.

This announcement was made around midday yesterday in the usual format by the Department of Trade. But information on the Stock Exchange's relay system led to renewed bid speculations concerning Eagle Star and the share price rose 15p to the year's high of 341p. Eagle Star itself issued an explanatory statement during the afternoon and the price subsided to 332p.

Allianz acquired its stake for £59.2m in June this year by means of a dawn raid followed by a tender offer. Eagle Star opposed the offer and asked not only the Office of Fair Trading to investigate the acquisition, but the German Kartel Office and the European Commission in Brussels. The latter two regulatory authorities are still considering the complaint.

Under the Takeover Panel Rules, Allianz is debarred for 12 months from making a full takeover bid and the company has given no indication of its intentions. It obtained a London quotation for its shares in October. There has, however, been certain rumours that another major overseas insurance group, probably a U.S. company, is also interested in acquiring a UK insurance group and Eagle Star is one of the named companies.

BANK RETURN

	Wednesday Nov. 25 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	40,284,817	+ 5,121,813
Bankers Deposits	514,622,421	+ 10,457,177
Reserve & other Accounts	1,507,374,279	+ 6,487,812
	2,076,834,517	+ 22,066,802
Assets		
Government Securities	307,355,069	— 107,130,000
Advances & other Accounts	1,004,896,836	— 100,817,534
Premises Equipment & other Secs.	749,645,059	+ 235,733,875
Notes	14,665,188	— 5,739,221
Coin	272,365	+ 19,684
	2,076,834,517	+ 22,066,802
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,625,000,000	+ 75,000,000
In Circulation	10,610,334,812	+ 80,739,221
In Banking Department	14,665,188	— 5,739,221
Assets		
Government Debt	11,015,100	—
Other Government Securities	6,468,104,164	— 9,797,061
Other Securities	4,145,880,736	+ 84,797,061
	10,625,000,000	+ 75,000,000

MINING NEWS

Amcoal cushions Anglo first half results

BY KENNETH MARSTON, MINING EDITOR

FIRST HALF results for the six months to September 30 of the giant **Anglo American Corporation of South Africa** are distorted by the incorporation of those of the 51 per cent-owned **Anglo American Coal Corporation** (Amcol), with effect from February of this year.

Thus, while the consolidation of Amcoal has lifted Anglo group profits at pre-tax level from those of a year ago, it has also boosted the group's tax charge. This is because Amcoal is rated as a trading company—as opposed to an investment company—and is subject to higher taxation as a result.

It also has a greater share of its profits attributable to outside shareholders and this has had the effect of sharply increasing Anglo's total deduction of profits due to outsiders.

At attributable level Anglo's earnings come out at R387.4m (£210m), equal to 104.3 cents per share, compared with R418.2m in the six months to September 30 last year and R866m in the full year to last March.

The latest interim dividend is maintained at 35 cents; the previous year's final amounted to 75 cents.

	Six months ended 30.9.81 Rm	30.9.80 Rm
Group profit before tax	334.0	291.6
Tax	45.4	12.6
Group profit after tax	288.6	279.0
Outside holders	50.9	16.2
Prf. stock & prf divs	2.2	2.2
Profit before retained profits of assocs.	235.5	260.6
Share of assocs.	151.9	157.6
Attributable	387.4	418.2
Ordinary divs.	79.0	79.0
Retained	308.4	339.2

During the latest half-year, Anglo's revenue from gold will have fallen to some extent in line with the bullion price, but this will have been offset by the increase in earnings of Amcoal; net profits of the latter climbed 29 per cent in the first half of the financial year to next March.

Amcoal has stated that this rate of increase should be at least maintained in the second half. On this basis Anglo's second half will therefore again see rising coal revenue and a continued fall in that from gold.

Shares of Anglo rose 15p to 685p ahead of the latest results in a generally firmer share market yesterday.

DEAD SEA WORKS IN OIL SEARCH

ISRAEL'S potash-producing **Dead Sea Works** has decided to participate in oil and gas exploration in the Dead Sea area with a view to using any fuel that may be located, reports **L. Daniel** from Tel Aviv.

At present, the company is linked with the **Israel National Oil Company** and several smaller investors in drilling for gas some six miles south of the Sodom potash works.

Extraordinary gain lifts MMC

THE newly-enlarged **Malaysia Mining Corporation** made a net profit for the year to June 30 of M$73.7m (£17m), after the inclusion of an extraordinary gain of M$23.9m. The company had net profits of M$20.4m for the previous 12 months, but the figures are not comparable as MMC merged with **Malayan Tin Dredging** last month.

From earnings of 26 cents a share, MMC has declared a dividend of 10 cents.

The extraordinary gain includes a write-back of M$22.8m in respect of the group's dredge spares provision, which MMC feels is no longer required as the group is now big enough to cover the year-to-year distortions in profits caused by the periodic replacement of major dredge spares.

Tin concentrate output in the year was 8,820 tonnes, and MMC made a profit on its mining operations of M$66.3m.

MMC controls 38 of Malaysia's 55 tin dredges. Permodalan Nasional (Pernas), the Malaysian Government investment agency, has a 56 per cent interest, with **Charter Consolidated** of the UK holding 14 per cent.

Following the merger with MTD, MMC is expected to restructure its top management, with a new chairman moving over from Pernas. Mr Mohamed Desa Pachee, Pernas's general manager and chief executive, is believed to be due to take up his appointment with MMC early next year.

He will probably move in above MMC's chief executive, Mr Abdul Rahim Aki, taking over from the present non-executive chairman Datuk Junis Sudin.

Noranda's Andacollo withdrawal prompts new Chile mining code

CHILE IS to reimburse Canada's **Noranda Mines** with the sum of $4.8m (£2.53m) following the latter's withdrawal late last year from the Andacollo copper project in Elqui province, reports **Mary Helen Spooner** from **Santiago**.

This is in addition to the $4.5m so far awarded to Noranda by Chile's state mining agency **Empresa Nacional de Minera** (Enami) which previously held a 49 per cent stake in the venture with Noranda. Under the earlier agreement Noranda carried out feasibility studies and was to provide 51 per cent of the estimated $350m required for the project.

Initial investigations of Andacollo indicated that it could produce approximately 70,000 tonnes of copper a year. But Noranda was unable to secure a financing arrangement acceptable to both the company and the Chilean Government. The project was thus dropped last year.

Noranda's withdrawal from Andacollo and that of West Germany's Metallgesellschaft from a $50m copper project in southern Chile has, not surprisingly, raised some doubts about the country's efforts to attract private investors to its mining industry.

This is of especial concern in the light of Chile's hopes to boost annual copper production from about 1m tonnes to nearly 2m tonnes by the end of this century with the increase coming from new mines developed by private enterprise.

Plans to invite bids for the Andacollo venture have been delayed, apparently because of the preparation of a new mining code which will offer potential investors greater incentives and guarantees. Chilean officials expect the new mining investment code to be announced before the end of this year.

NSW to control coal reserves

THE GOVERNMENT of New South Wales plans to abolish individual rights to unmined coal in the state, and to take control of all coal reserves, according to Mr Neville Wran, the state's Prime Minister.

Mr Wran pointed out that the removal of coal rights would not affect either freehold title to any land, or the right to mine coal underlying it.

The change will be effected through legislation abolishing the existing rights of individuals, and offering appropriate compensation. About 10,000 people are affected.

Under the new arrangements, the State Government will receive an estimated A$60m (£36m) a year which is currently payable to private title holders as their entitlement to seven-eighths of the A$1.70 per tonne royalty on coal production.

Mr Wran told the State Parliament that the rights, which have been inherited by the present holders after being granted to early Australian settlers, were an accident of history which had to be remedied in fairness to the

Ward urges rejection of RTZ

Thos. W. Ward, the industrial holding company, issued its first formal appeal to its shareholders yesterday to reject a takeover bid worth £111m in cash from the **Rio Tinto Zinc Corporation**, Britain's biggest mining group.

The move came just 24 hours before RTZ is allowed to go into the stock market and buy more shares in Ward under City of London rules.

RTZ acquired 14.9 per cent in Ward last Friday in a "dawn raid" — the City's description for a lightening purchase of shares just shortly after the stockmarket opens. At the same time, it announced that it was bidding for Ward.

Under new rules, established by the Council for the securities industry, the City's ultimate self-regulatory body, a declared bidder must now wait seven days, if he has made a dawn raid giving him nearly 15 per cent of the equity, before he can acquire 5 per cent or more of the voting equity of a company from any single shareholder.

If RTZ is successful in its bid for Ward, it intends to make a bid for **Tunnel Holdings**, the cement manufacturer in which Ward has a major shareholding. Tunnel Holdings published its half-year results yesterday for the six months ending September 1981 which showed pre-tax profits increased from £7.53m to £8.76m.

Ward revealed its results for half year to the end of September "because RTZ may try to acquire more Ward shares in the market." Ward has revealed that profits before tax are up 20 per cent from £15.65m to £18.05m for the six months ending September.

Dividends for the year are to be increased by 20 per cent. A final dividend of 5.2 net has been proposed which will make a total of 7.8p (6.519p).

Dismissing the bid as inadequate, Ward has told its shareholders that a 190p the bid is only eight times last year's basic earnings per share.

"Many of our businesses have been suffering in the same way as most of British industry from the effects of recession. Viewed against these results, and considering that the remedial measures taken by management are bound to have a continuing beneficial effect, which will be further enhanced as the economy recovers, the value of the bid can be seen to be grossly inadequate."

"When regard is had to the current value of our important holding in Tunnel, the bid is shown to be even less acceptable."

The group adds that it has "put in hand the work necessary for a forecast of our profit for the year ending September 30, 1982. Our budgets for this year, completed in September, 1981 show an encouraging increase in turnover in all of our business sectors. We expect to be able to forecast a further increase in dividends."

Detailing its associated company profits, Ward reports that for the half-year ending September 30, 1981 Ribblesdale Cement contributed £3.46m (£2.33m) while Tunnel Holdings, in which Ward had a 39 per cent shareholding (carrying 42 per cent of the votes) contributed £4.77m (£2.71m).

"Any increase in these profits of Tunnel and Ribblesdale will result in a further increase in Ward's profits for which we have not yet accounted," says the group.

Shareholders are told not to sell their shares.

See Lex

Callard and Bowser sale discussed by Guinness

BY DUNCAN CAMPBELL-SMITH

Arthur Guinness Son and Co., the diversified brewing group, has confirmed that talks are proceeding with a number of different parties for the sale of **Callard and Bowser**, its confectionery subsidiary.

Callard, acquired in the early 1950s, has already seen some retrenchment in the face of the current recession and closed down a factory at Doncaster in the spring. But it lost £300,000 in the year to September, 1980 on revenues of £17m and its sale is believed to have been under discussion for some months.

The company employs about 1,200 people at its main factory in Hayes, Middlesex, and a smaller operation in Halifax.

Mr Ernest Saunders, Guinness's managing director, stressed last night that redundancies were "not yet inevitable." He said the future of the workforce would depend upon the provisions of whatever deal might yet emerge but could not disclose any details about potential buyers.

The proposed sale of Callard appears to be part of a review by Guinness of its overall strategy. Management changes in recent months include the apointment of Mr Saunders, who joined the group on October 1.

The new managing director has already visited most of Guinness's operations, which cover general trading, plastics and the leisure sector as well as confectionery and the basic brewing business.

He acknowledged yesterday that he was "looking very closely at all aspects of the group," but added that it was "too early to have developed views on the future position of individual subsidiaries."

The shares closed up 4p at 62p.

Braham Millar chief in favour of B & P stake

MR G. ROSS RUSSELL, chairman of mechanical engineer **Braham Millar**, has written to shareholders welcoming the acquisition of a 14.9 per cent stake in their company by the **Bath and Portland Group** and outlining the prospect of a "closer relationship" between the two companies in future.

Reiterating the board's confidence in the future of Braham Millar as an independent company, his letter discloses that it is proposed to appoint two representatives of Bath and Portland to the Braham Millar board. Talks are also proceeding on a possible acquisition from Bath and Portland of assets which could complement Braham Millar's existing manufacturing lines.

These and other developments are all made subject to the offer of 30p per share from Fieldwood lapsing. Fieldwood's offer, announced on September 22, has so far attracted acceptances from 13.9 per cent of Braham Millar's equity and is due to close on November 28. Bath and Portland's tender extends until December 3.

Braham Millar's shares closed unchanged at 30p.

Ultramar concludes $64m purchase of Beacon Oil

ULTRAMAR AMERICA, a wholly-owned subsidiary of **Ultramar Company**, has bought **Beacon Oil** from private interests. The effective date of the acquisition was November 1 1981.

The cost, subject to final adjustment, was U.S.$64.8m, of which $13.8m was paid at closing, with the balance of $51m being due on January 4 1982. Balances outstanding will bear interest at an average rate of approximately 12¼ per cent per annum. These payments will be met from the Ultramar group's existing cash resources.

The purchase price will be adjusted to reflect the audited after-tax results of Beacon Oil for the 10 months ended October 31 1981. In the opinion of Ultramar group management, the underlying assets of Beacon, which include $10m of working capital surplus to the company's requirements, have a value equivalent to the purchase price.

The acquisition of Beacon will double Ultramar's refining capacity in the U.S., and will provide a firm base for further expansion on the West coast of America.

Beacon Oil has been consistently profitable over recent years and in the year to December 31 1980 achieved a cash flow from operations of $8.5m and a pre-tax profit of $5.1m. The management of Beacon has agreed to remain with the company.

LONDON TRADED OPTIONS

Nov. 26 Total Contracts 2,345. Calls 2,241. Puts [illegible]

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	280	84	—	68	1	—	—	318p
BP (c)	300	58	1	44	1	50	101	"
BP (c)	320	25	3	—	—	—	—	"
BP (c)	330	—	—	26	11	40	1	"
BP (c)	350	10	48	—	—	—	—	"
BP (p)	300	7	—	14	1	22	—	"
BP (p)	320	15	3	—	—	—	—	"
BP (p)	350	26	3	—	—	—	—	"
CU (c)	130	12	—	17	5	19	1	134p
CU (c)	140	7	—	11	10	15	4	"
Cons. Gld (c)	460	40	6	55	—	80	5	"
Cons. Gld (c)	500	20	20	35	—	24	—	481p
Court'lds (c)	50	20	10	24	4	26	—	68p
Court'lds (c)	60	11	14	14	6	16½	30	"
Court'lds (c)	70	4	100	7	6	10½	38	"
GEC (c)	700	85	2	107	1	132	—	774p
GEC (c)	750	42	10	67	1	95	—	"
GEC (c)	800	20	48	37	5	54	—	"
Gr'd Met. (c)	140	42	—	45	—	51	1	178p
Gr'd Met. (c)	180	8½	—	16	—	22	10	"
Gr'd Met. (c)	200	4	1	8	—	—	—	"
Gr'd Met. (p)	160	7	—	11	25	13	10	"
Gr'd Met. (p)	180	14	—	21	—	25	1	"
Gr'd Met. (p)	200	26	—	30	5	—	—	"
ICI (c)	280	16	5	28	—	30	5	288p
ICI (c)	300	8	8	15	—	—	—	"
ICI (p)	280	13	1	20	—	24	—	"
Land Sec. (c)	360	—	—	6	6	—	—	318p
Mks & Sp (c)	110	22	2	26	—	29	—	128p
Mks & Sp. (c)	130	7	2	12½	10	17½	—	"
Mks & Sp (c)	140	3½	50	7½	—	—	—	"
Shell (c)	390	20	1	36	1	42	—	386p
Shell (c)	420	9	3	22	2	—	—	"
Shell (p)	390	14	1	24	—	30	—	"
Shell (p)	420	28	—	32	1	—	—	"
		February		May		August		
Barclays (c)	390	80	—	85	1	—	—	453p
Barclays (c)	420	53	2	58	—	70	—	"
Barclays (c)	460	25	25	35	4	50	—	"
Imperial (c)	50	18	3	20	—	21	—	67p
Imperial (c)	60	9	136	10	6	11½	3	"
Imperial (c)	70	4	442	4½	27	6	501	"
Lonrho (c)	70	15½	21	18	1	19	—	81p
Lonrho (c)	80	7½	15	10	50	12	7	"
Lonrho (c)	90	4	38	5	5	—	—	"
Lonrho (p)	70	3	—	4½	10	6	—	"
Lonrho (p)	80	6½	—	9	—	10½	3	"
P & O (c)	130	10	—	13	3	17	—	133p
P & O (c)	140	7	—	9	6	—	—	"
Racal (c)	390	45	7	60	—	73	—	413p
Racal (c)	420	27	7	42	17	55	—	"
Racal (p)	360	10	1	15	—	—	—	"
Racal (p)	390	15	1	23	10	30	—	"
Racal (p)	420	30	2	38	—	46	—	"
Racal (p)	460	60	17	65	2	—	—	"
RTZ (c)	420	80	3	92	—	104	—	487p
RTZ (c)	460	50	73	67	—	75	—	"
RTZ (c)	500	32	165	47	—	—	—	"
RTZ (c)	550	20	35	30	—	—	—	"
Vaal Rfs. (c)	60	9	—	10½	5	12	—	$64
Vaal Rfs. (c)	70	3¾	10	5½	—	8¼	—	"
Vaal Rfs. (p)	60	3¾	—	5¼	5	7	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$425	3	18 B	—	—	—	—	$410
GOLD C	$450	24	9.50	25	21	—	—	"
GOLD C	$475	2	6	—	—	—	—	"
GOLD P	$375	23	6.50	25	10	—	—	"
GOLD P	$400	—	—	2	17	20	19.50	"
GOLD P	$485	5	25	—	—	5	30	"
12¾ NL 81 87-91								
C	F.102.50	100	3.70	—	—	—	—	F.105.40
C	F.105	300	1.60	—	—	—	—	"
C	F.107.50	20	0.80	—	—	—	—	"
P	F.105	50	1.70	—	—	—	—	"
12 NL 81 85-88								
C	F.102.50	—	—	10	1.80	—	—	F.101.20
10½ NL 80 86-95								
C	F.95	25	1.80	—	—	—	—	F.95.70
C	F.97.50	7	1	—	—	—	—	"
P	F.95	15	1.40	—	—	—	—	"
P	F.97.50	28	2.80	—	—	—	—	"
		Jan.		April		July		
ABN C	F.300	—	—	—	—	1	9.80	Fr.288.50
AKZO C	F.20	—	—	5	3.50	—	—	F.23
AKZO C	F.22.50	—	—	20	2.50	3	2.70	"
AKZO C	F.25	15	0.70	2	1.30	—	—	"
AKZO P	F.22.50	—	—	10	1.40	—	—	"
AMRO C	F.55	—	—	—	—	3	2.60	F.52.60
KODA C	$70	—	—	1	4¾	—	—	$69⅞
HEIN P	F.45	—	—	10	2.70	—	—	F.43.70
HOOG C	F.15	—	—	—	—	20	1.30	F.13.50
HOOG P	F.15	—	—	20	2	—	—	"
KLM C	F.90	184	7.50	10	12	—	—	F.92
KLM C	F.100	60	3.60	41	8.80	—	—	"
KLM C	F.110	64	1.60	—	—	—	—	"
KLM C	F.120	69	0.90	38	5	—	—	"
KLM C	F.140	65	0.30	—	—	—	—	"
KLM C	F.150	7	0.10	—	—	—	—	"
KLM P	F.80	105	1.20 A	20	2.80	5	4	"
KLM P	F.90	174	3.80	10	7	—	—	"
KLM P	F.100	93	10.40	—	—	—	—	"
PHIL C	F.17.50	135	2.30	8	2.80	8	3	F.19.60
PHIL C	F.20	580	0.70	35	1.30 B	95	1.60	"
PHIL C	F.22.50	210	0.20	324	0.80	—	—	"
PHIL C	F.25	5	0.10	45	0.40	—	—	"
PHIL P	F.20	59	1.20	20	1.60	—	—	"
PHIL P	F.22.50	10	3.20	—	—	—	—	"
PEUG. C	F.160	2	14	—	—	—	—	F.156
RD C	F.80	228	9.40	18	12.40	—	—	F.87.40
RD C	F.90	387	3.10	159	6.40	—	—	"
RD C	F.100	159	0.70	31	2.80	—	—	"
RD P	F.80	167	1.50	20	2.90	—	—	"
RD P	F.90	105	4.80	—	—	—	—	"
UNIL C	F.130	2	21	—	—	—	—	F.151.80
UNIL C	F.140	—	—	2	15.10 B	—	—	"
UNIL C	F.150	59	5.70	4	9.50	—	—	"
UNIL C	F.160	16	1.60	8	5	—	—	"
UNIL P	F.140	57	0.90	9	2.60	—	—	"
UNIL P	F.150	38	3.70	—	—	—	—	"
		Feb.		May		Aug.		
MANN C	DM.150	20	12	—	—	—	—	DM159
MANN C	DM.165	33	5	1	8.50	—	—	"
SLUM C	$55	5	4½	2	6½	—	—	$55⅞

TOTAL VOLUME IN CONTRACTS 4806

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	15 %	Grindlays Bank	‡15 %
Allied Irish Bank	15 %	■ Guinness Mahon	15 %
American Express Bk.	15 %	■ Hambros Bank	15 %
Amro Bank	15 %	Heritable & Gen. Trust	15 %
Henry Ansbacher	15 %	■ Hill Samuel	§15 %
Arbuthnot Latham	15 %	C. Hoare & Co.	†15 %
Associates Cap. Corp.	15 %	Hongkong & Shanghai	15 %
Banco de Bilbao	15 %	Knowsley & Co. Ltd.	15½%
BCCI	15 %	Lloyds Bank	15 %
Bank of Cyprus	15 %	Mallinhall Limited	15 %
Bank Street Sec. Ltd.	16 %	Edward Manson & Co.	16 %
Bank of N.S.W.	15 %	Midland Bank	15 %
Banque Belge Ltd.	15½%	■ Samuel Montagu	15 %
Banque du Rhone et de la Tamise S.A.	15½%	■ Morgan Grenfell	15 %
Barclays Bank	15 %	National Westminster	15 %
Beneficial Trust Ltd.	16 %	Norwich General Trust	15 %
Bremar Holdings Ltd.	16 %	P. S. Refson & Co.	15 %
Bristol & West Invest.	17 %	Roxburghe Guarantee	15½%
Brit. Bank of Mid. East	15 %	E. S. Schwab	15 %
■ Brown Shipley	15 %	Slavenburg's Bank	15 %
Canada Perm't Trust	15½%	Standard Chartered	‖15 %
Cavendish G'ty T'st Ltd.	15½%	Trade Dev. Bank	15 %
Cayzer Ltd.	15 %	Trustee Savings Bank	15 %
Cedar Holdings	15 %	TCB Ltd.	15 %
■ Charterhouse Japhet	15 %	United Bank of Kuwait	15 %
Choulartons	16 %	Whiteaway Laidlaw	15½%
Citibank Savings	¶15 %	Williams & Glyn's	15 %
Clydesdale Bank	15 %	Wintrust Secs. Ltd.	15 %
C. E. Coates	15½%	Yorkshire Bank	15 %
Consolidated Credits	15½%		
Co-operative Bank	*15 %		
Corinthian Secs.	15 %		
The Cyprus Popular Bk.	15 %		
Duncan Lawrie	15 %		
Eagil Trust	15 %		
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	15 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 13%, 1-month 13.25%. Short term £8,000/12 months 15.60%.
† 7-day deposits on sums of £10,000 and under 13%, up to £50,000 13½% and over £50,000 14%.
‡ Call deposits £1,000 and over 13%.
§ Demand deposits 13%.
‖ 21-day deposits over £1,000 14%.
¶ Mortgage base rate.

Bristol builder wound up

FLOOKS OF BRISTOL (BUILDERS) has been compulsorily wound up with debts of £317,000.

Mr Justice Vinelott made the order on a petition by the Construction Industry Training Board, claiming £2,235 unpaid levy. They were supported by the Inland Revenue, claiming £47,500.

The petition was resisted by the company, along with creditors the Midland Bank, owed £12,000, and a firm of builders' merchants, owed £190,000.

The judge said although the company was admittedly insolvent, it was optimistic about meeting its debts in the future.

The company had put forward a scheme to complete a housing development in Wales to make a £240,000 profit. If coupled with its claim against its former solicitors (which, if successful, would be worth just over £174,000) this would be sufficient to meet all debts.

The judge said he had been asked to adjourn the winding-up proceedings for the company to submit more details, supported by expert evidence, about the expected profits of its Welsh scheme.

But, he concluded, "In my judgment this project is unsound," and he said that even if the negligence claim was successful, part of the proceeds might have to be used to cover the costs of the action.

educed second half loss ıt Brockhouse £2m in red

REPORTING pre-tax of £1.77m at the halfway Brockhouse contained its half losses to £193,000, the full year's figure. In the previous 12 months roup, with interests in ering, transport, building naterials handling and ent manufacture, reported of £757,000.

in the year to September 1 fell from £72.26m to q.

final dividend is again 1p, interim was paid against time.

ing profits were down 3.15m to £168,000, and this fter charging £249,000 00) for redundancy pay- Interest charges were lower at £2.13m (£2.39m). was cut from £608,000 to , and the overseas charge ttle changed at £671,000 00).

lends absorb £210,000 00), and after minorities 000 (same) and extra- y debits of £11,000 00), the net loss was (£949,000). Loss per 25p was 16.02p (1.73p).

only profit-making divi- in the group were the handling and process plant with £770,000 (£827,000) and the overseas division with £1.57m (£1.61m). Mr R. J. H. Parkes, the chairman and managing director, says the handling and process plant division had an excellent year and a good year ahead is forecast.

Castings and forgings had losses of £733,000 (£300,000 profits) and this section had a "traumatic year." The position has now stabilised and profitable trading is coming through.

General engineering had a "mixed bag of fortunes" and it incurred losses of £974,000 against profits of £305,000. Mr Parkes says little upturn can be seen in the immediate future but an improving situation is expected by mid-1982. The steel division, with losses of £225,000 (£157,000 profits) had a difficult year. At home, prices are hardening and the future is now "more encouraging."

Good performances were reported from the overseas division and the year ahead should show an improvement but a little slowing down in North America is possible.

On a CCA basis, there was a pre-tax loss of £4.06m.

● comment

Although Brockhouse has had a dreadful year, there must be some chance that the worst is over. Having lost money even at the pre-interest level in the first half, the group managed to turn itself round before the end of the year. At the same time, gearing remains at 35 per cent of shareholders' funds, and the resulting interest charge has gobbled up such profits as were made. The interesting question about Brockhouse is how much it can pick up from the wreckage left by competitors of its forgings and castings division, now just returning to profitability. Steel prices have also hardened lately, in anticipation of the new tarrifs. The brighter conditions here could thus prove transient, yet Brockhouse is looking for a better outcome this year. The group's tenacious attitude to its capacity in these enterprises is sustainable only because Redler conveyors and the North American companies have held up remarkably well. At 28p, up 2p, the shares have the merit of yielding 5.3 per cent, but a discount to asset value of almost 80 per cent shows that the market has yet to embrace the case for recovery.

Castlefield Rubber pays more

THE TOTAL dividend to be paid by Castlefield (Klang) Rubber Estate for the year to June 30, 1981 is more than doubled from 6p to 14p net per 10p share. This comes with a 7p special payment in addition to the improved interim final.

Pre-tax profits from its Malaysian plantations and investments in various rubber companies advanced from £780,646 to £1.1m. Lower trading profits of £418,733 (£555,803) were augmented by a £374,053 surplus on land acquired by the government there, as well as higher investment income of £311,359 (£224,843).

Turnover moved ahead from £1.81m to £2.45m, with sales of oil palm produce all but doubling to £1.44m (£723,137) and rubber slightly lower at £1.01m (£1.09m).

Earnings per share are given as 22.22p (14.94p). The net interim dividend was 2p (1.7p) and the proposed final 5p (4.3p).

Malaysian and UK tax together took £437,606 (£332,529) leaving the attributable balance at £666,539 (£448,117). Dividends absorbed £420,000 (£180,000), allowing for lower retained profits of £246,539 against £268,117.

French Kier sharply higher halftime

PRE-TAX PROFITS of French Kier Holdings, civil engineer and construction group, rose from £3.75m to a record £4.45m for the six months to June 30, 1981 on turnover well ahead at £101m, compared with £92m—also a record for the group.

For the full year chairman Mr J. C. Mott says group operations will be satisfactory and profits before tax are likely to exceed 1980's £8.61m.

Meanwhile, with half year stated earnings per 25p share higher at 5.5p (3.7p) the net interim dividend is being increased from 0.95p to 1.1p—last year's final was 2.3p.

Mr Mott says the record results were achieved despite the belief that 1981 would be a very difficult year for the construction industry. He points out that the policy of working to maintain trading margins, even if this meant limiting turnover growth, continued to be implemented.

All four main operating divisions traded profitably although the profit contribution from each, when expressed as a percentage of the total, showed changes compared with last year.

The group's overseas order book is at a record level and includes its share of a recently-awarded major road construction contract in Iraq. The profit contribution from "construction overseas" was less than a year ago although turnover increased substantially.

Turnover and the forward order book of "construction in Europe" were maintained and this division's profit contribution showed a significant increase. The results from "products and services" were similar to those of the previous year—the results of the companies within this division were in line with expectations and reflect the UK trading environment in which they operate, the chairman says.

A profit contribution from "property development and investment" for the half year arose mainly from the group's housing activities and net rental income. As no major commercial developments will be sold during the remainder of this year the profit contribution from this division will be less than in 1980.

Group subsidiary, French Kier Construction, has been awarded a contract by British Nuclear Fuels for site preparation at the Thorp receipt and storage facility at Sellafield, Cumbria. The contract is valued at approximately £1.5m.

In his 1980 statement the chairman referred to two major arbitrations in which W. and C. French (Construction) was defendant. He says now that during the second half of the year, as a result of agreement being reached between the parties, these were both withdrawn. The settlements will not adversely affect the year's results.

Tax for the first half took £1.8m (£1.98m) and after minorities of £30,000 (£5,000) available profits emerged at £2.62m (£1.55m) out of which interim dividend payments absorb £523,000 (£451,000). Last year there was a £225,000 extraordinary debit arising from currency realignments.

● comment

French Kier was one of the most actively traded stocks in the market yesterday when, after a 19 per cent rise in interim profits, the price added 1p to 86p. At this level, the historic p/e, on the actual tax charge, is 6.5 and the prospective yield, assuming no more than a maintained final dividend, will be 5.7 per cent. So the shares are very well supported given that annual profits are expected to rise to a new record. The loss at Birchwood is not much changed at some £150,000 and the position here remains under constant review. But Robert Marriott has turned up by about £300,000 and interest receivable (on net cash balances of £15m) has climbed by about £300,000 to £1m. The order book, which now includes the first tranche of the new Iraqi road contract, stands at £240m, against £200m at the comparable point last year and French Kier says that it is at least maintaining the money value of its UK workload. Construction in Europe (essentially UK work) rose from £900,000 to £2.05m at the halfway mark, thanks to contract completions and some overheads pruning. Overseas construction fell from £1.55m to £1.3m but the incidence of contract completions was not so favourable and the group is now putting on substantial additional work, for which no profit has yet been taken. Given that the property portfolio is worth at least 50p per share and cash is worth a further 35p, the chances of a Trafalgar House bid are in for nothing.

riplex cuts first-half loss

X losses of Triplex ies Group have been d from £890,611 to 7 for the half year to ber 30, 1981, and the reports that more industrgery was carried out last in order to accelerate its to profitability.

malleable ironfoundry at Hale (Tipton) has been and the trade from Black Foundries has been transto another ironfoundry the group.

arising from these have been estimated at these will be dealt extraordinary item accounts.

the main reasons sions were heavy largely from continued low demand from the bus and truck market at home and in North America, the lack of any firm indication of material improvements in this market, together with high interest rates and energy costs and increased general rates.

These factors also contributed substantially to the group result. But with regard to the future, marginal improvements from other markets are seen.

In view of the half year results, the board has decided to again omit the interim dividend—the only payment for 1980-81 was a final of 1p net on a pre-tax loss of £1.3m (£1.88m profit).

First-half turnover was some £1 lower at £16.6m. This figure and the pre-tax deficit was split between:—foundries £9.43m (£10.25m) and £455,140 (£585,578); engineering £2.7m (£2.97m) and £109,448 (£168,000); industrial services £4.65m (£4.51m) and £193,461 profit (£137,033 loss).

The improved performance of the industrial services division is expected to be maintained during the second half.

Problems continued for the engineering side, but currently there are signs of improvements which if maintained give reason for expectations of better results from this division.

Interest charges for the period rose from £289,859 to £323,089. There is no tax (£300,000 credit) and after the preference dividend of £3,446 (same) the deficit emerged at £374,573 (£594,057).

London and Lennox Trust ahead midway

Net revenue of London and Lennox Investment Trust advanced to £262,625 in the half-year to September 30 1981, against £171,701. However, the directors point out changes in its portfolio have brought in a larger than normal proportion of earnings in the first half.

This was struck after deductions for expenses as well as tax of £156,089 (£97,110). Gross revenue was up from £424,980 to £502,763 but dealing profits of its subsidiary Derrickbest fell from £44,523 to £24,285.

Earnings per 25p share are given as 1.46p (0.96p) and net asset value, after deducting prior charges at par, 56.7p against 61.5p on March 31 1981.

As previously announced, the interim dividend is being raised from 0.5p to 0.6p net. This is in order to reduce the disparity with the final—last year a total of 1.9p was paid.

Total consolidated funds at mid-term were £10.82m (£12.58m on March 31). The board notes that the $2m multi-currency loan was repaid on June 15.

600 Group slides to £1.98m midway

THE UNABATED recession at home and in Europe is blamed for reduced pre-tax profits for The 600 Group for the 28 weeks to October 10 1981. The taxable figure was down from £2.35m to £1.98m, on sales depressed from £87m to £72m.

Sir Jack Wellings, chairman, expresses optimism for "slightly better trading" in the rest of the financial year.

"Our exports are very strong," says Sir Jack. Overseas investment and sales continued to expand which, combined with the more attractive value of sterling, is expected to help the UK based companies during difficult times, he says.

"We have made substantial economies and have been able to reduce our borrowings," he adds. Trading was depressed by a general de-stocking policy adopted by home machine tool merchants owing to interest rates. Further redundancies in manufacturing companies were inevitable to come into line with reduced demand.

Considerable interest is being shown in some of the group's surplus properties and some small properties have already been sold.

In the last full year the group made pre-tax profits of £4.76m (£9.66m) on sales of £148.5m (£190.79m) and paid a total dividend of 5.25p. The interim dividend this time is being held at 2.34p. Stated earnings per share are lower at 2.6p (3.1p).

Trading profits emerged lower at £1.31m, against £2.23m last time, after a higher charge for depreciation of £1.76m (£1.58m), and higher interest charges of £1.57m (£1.1m). The contribution from associated companies was improved to £664,000, compared with £127,000 previously.

The charge for taxation was lower this time at £809,000 against £1.34m before.

Attributable profits emerged lower at £533,000 (£1.11m) after a reduced credit for minorities of £65,000 (£216,000) and a higher extraordinary debit of £700,000 (£322,000). The extraordinary item includes redundancy payments and the cost of some closures, less surpluses on property disposals of £130,000 (£120,000).

Progress was made in Australia, says the chairman, with the opening of two facilities and in South Africa more plant was built to meet increased demand and a manufacturer was bought. Startrite Incorporated has been formed in the U.S. and the building of new plant has begun in Singapore.

● comment

The pressure on engineering sector profits—particularly in those cases where overseas subsidiaries are well established and growing and where exports take a good proportion of domestic output—may be easing somewhat but dividends still require careful surveillance. 600 Group maintained its distribution last year, despite a sharp drop in UK profitability, and has now held the interim once more. Judging by the tenor of the halftime statement, the final, too, will be repeated giving an attractive 11½ per cent prospective yield after a 2p fall to 69p yesterday. Associate income is up smartly, reflecting a full six months' contribution from Clausing, while net debt has fallen by some £1.5m and should come down further in the rest of the year without benefit of the expected property disposal proceeds. But, in very large part, 600 Group's prospects will be decided in overseas markets. Exports, somewhat flat in the first half, are expected to rise markedly to the U.S. machine tool market, the new Startrite plant in Michigan opens next month and both the Australian and South African operations appear to be growing strongly. Yet, even in its bleakest spots, 600 reports a useful upturn in demand for scrap from BSC.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Capital and Counties, Craig and Rose, Downs Surgical, Eastern Produce, Howard Tenens Services, Joseph (Leopold), Rediffusion.

Finals: Albert Fisher, North Midland Construction, Tomkinsons Carpets.

FUTURE DATES

Interims—

Associated British Engineering	Dec 9
Batleys of Yorkshire	Dec 18
Birmingham Mint	Dec 8
British Tar Products	Dec 9
C.H. Industrials	Dec 7
Castings	Dec 3
Cawoods	Dec 3
Cosalt	Jan 13
Fuller Smith and Turner	Dec 10
Kemunting Tin Dredging	Dec 1
Marling Industries	Dec 8
Monk (A.)	Dec 10
Moorgate Investment	Dec 9
Normand Electrical	Dec 14
Pegler-Hattersley	Dec 9
Sungei Besi Mines	Dec 1

Finals—

Causton (Sir Joseph)	Dec 3
Hanson Trust	Dec 1

Humphries Holdings well down

Taxable profits of Humphries Holdings, a subsidiary of the British Electric Traction Company, tumbled from £440,000 to £183,500 for the half-year to September 30, 1981 and the directors warn that with the recession continuing to have a serious effect on results, profits after tax and minorities for the second half are unlikely to be much better than break-even.

Half year turnover of this developer and printer of motion films totalled £5.75m. The comparative figure, £6.82m, included income from a Japanese agency for the photo finishing equipment, which terminated during 1980, and exceptionally large equipment sales in Spain, which were not repeated in the period under review.

The pre-tax surplus was after interest charges of £83,300 (£156,000). Overseas tax took £30,000 (£29,000) but there was no provision for UK tax (£180,000) because profits of the UK subsidiaries are covered by tax allowances on capital expenditure, the level of which is expected to continue in the foreseeable future.

Profit after tax emerged at £153,500 (£231,000). Minorities totalled £6,000 (£4,000). There is again no interim dividend.

Pre-tax profits for 1980/81 were £931,000 (£1.05m).

Winding up orders for 39 companies

Compulsory winding up orders against 39 companies have been made by Mr Justice Vinelott in the High Court. They were: S. E. Stout and Sons, Datafield, White Bros. (Transport), Newport Caravan Harbour (Sales).

M. and M. Hayes (Transport), C. F. S. Roadfreight, George Cook Caravan Transport, Iandock, Verrameta, Alice Technical Holdings (UK).

Carcover, E. Nicholson (Game Farms), E. Steel (Bookmakers), Leniscar, Lindridge Precision, The Amazing Exhibitionists, Checkmate Investments, J. Phillips (Mowers).

Millwell Builders, Boots Finance Brokers, H. J. Crowther, Tiernan (Brickwork Contractors), B. and G. Walters, Ronald Tanner Associates.

Sabrestar, Jaywise, Pinemasts, Zenon's Patisserie, Prestige Steels, Anglia Realisations, Broadstock.

The Simarco Partnership, Mayberry Homes (Wolverhampton), Fielding Forwarding Services, Radelive Transport, Sanatco (Stratford), Smedley and Martin, Energy Conservation Systems, Albert Transport.

CANTORS

In the current year to date Cantors had achieved a significant improvement on last year's performance, members were told at the annual meeting.

For the 53 weeks ended May 2 1981, this retailer of house furnishings, carpets and bedding, made a loss before tax of £637,000 (£135,000), on turnover, excluding VAT of £18.8m (£18.6m).

INTERNATIONAL COMPANIES and FINANCE

Ian Hargreaves looks at the fortunes of the eighth largest U.S. steel group which three years ago was considered the industry's most likely candidate for bankruptcy

A foreign approach works for Wheeling

WHICH AMERICAN steelmaker tripled its capital investment in 1980 and will probably, as a result, have the most modern plant among the top 10 steel companies by 1983?

The surprising answer to this question is Wheeling-Pittsburgh, the country's eighth largest steel company, which acounts for about 2.2m tonnes of steel shipments a year, or about 3 per cent of the output of the U.S. steel industry, and which three years ago was considered the industry's most likely candidate for bankruptcy.

One reason that not so much is heard of this survival story is that it is not politically convenient. Wheeling-Pittsburgh has got to where it is and done what it has done because in 1979 President Jimmy Carter's Economic Development Administration, with a little help from the Farmers Home Administration, agreed to guarantee $135m in loans for Wheeling-Pittsburgh to help it modernise.

At a time when the EDA's funding is being savaged by President Ronald Reagan and when the U.S. steelmakers are basing their case for protection against imported steel on the argument that foreign steel is unfairly subsidised, Wheeling-Pittsburgh is hardly the case study that people want to talk about.

But it is an interesting case, not just because it tends to undermine some of the domestic industry's rhetoric, but because it illustrates how a determined management has been able to build upon the initial availability of Government subsidy to extract itself from an industry-wide labour agreement which many feel is insentitive to the circumstances of individual companies and to forge ties with Japanese and West German interests who, perhaps, understand the Government-business axis better than most.

The case study begins in 1974, when Wheeling-Pittsburgh's profits started to plunge with the recession (by 1977, the company had a net loss of $25.6m) and when Mr Dennis Carney became chairman of the company, after spending 32 years a few blocks down the road at U.S. Steel.

Mr Carney had no trouble seeing that Wheeling had all the problems of the rest of the industry — too much obsolete equipment, excessive reliance upon flat rolled products for the motor industry and general inefficiency.

The obvious steps were taken. The least efficient facilities were closed, several products such as rod, conduit and wire were discontinued, the workforce was cut from 18,000 in 1974 to 12,000 in 1980 and new management was brought in. Man hours per ton of steel shipped from 10.7 in 1975 to 9.2 in 1980 (1975 and 1980 were roughly similar years for steel demand), which is below average for the industry. Today this $1.5bn a year corporation is run with a head office staff of 143.

But Wheeling-Pittsburgh needed capital and, because of its poor credit rating and weak balance sheet, it could not borrow in the bond market.

So, the Government rode in over the heads of protesting rival steelmakers to award the $135m in loan guarantees, which have enabled Wheeling to build a 400,000-tons-a-year rail mill to meet domestic demand for long rails needed for use by the heavier, faster freight trains of today's railways. It was a lack of such rails which has enabled foreign steelmakers to claim about one-third of the U.S. market for rails this year.

FIVE-YEAR RECORD	1980 $m	1976 $m
Sales	1,100	934
Net income	14.7	3.2
Capital spending	147	52.3
Employment	12,143	15,247
Steel shipments (tons)	2,210	2,816

Wheeling was also able to use the guaranteed funds to deal with its backlog of pollution law compliance programmes. In 1980 the company spent $147m on capital equipment, more than in the three previous years combined.

Now Mr Carney is in phase two of the modernisation programe, with plans to build two continuous casting lines at a cost of $140m. This will mean that by 1983 Wheeling will continuously cast 70 per cent of its steel — a level which ranks with the best in the U.S. industry and equals the average of Japanese producers.

The money for the continuous casters is coming from the equipment supplier, Mitsubishi of Japan. Other companies involved in the modernisation are Hitachi Zosen, Nippon Steel and Thyssen. Although Wheeling has not released details of the terms of these supplier loans, they will presumably be as generous as other exports credits in the heavy engineering field.

Mr Carney has also applied the principle of the struggling eccentric to the company's labour relations. Having won several plant-level pay concessions — usually postponements of entitlements—Wheeling recently got its workers to agree to extend the current three-year labour agreement to 90 days beyond the expiry of the industry's master contract in August 1983. That is important because the industry is currently negotiating with the United Steelworkers union as to whether the next contract talks will be covered by the usual no-strike pledge, with several steel leaders arguing that the price paid for the no-strike deal in terms of guaranteed wage improvements has been too high. In effect, Wheeling has already guaranteed its customers there will be no strike.

Whether all these innovative actions will, in practice, secure the future of the company is another thing, however.

With steel demand back in the doldrums for the second time inside two years and the longer range demand outlook flat, times are undoubtedly going to be hard for the next several months for a company which at the end of September had long-term debt (albeit at advantageous rates, ranging from 4 per cent to 10 per cent) of $341.4m against total assets of less than $1bn and shareholders' equity of $462.5m. Wheeling's interest payments in the first nine months at $13.8m were up from $8.31m in the same period of 1980 and were equal to almost one third of the company's $46.4m net income.

What Wheeling desperately needs, of course, is a large supply of equity. It has not failed to cross Mr Carney's mind that one potential source of such equity could be one of the Japanese companies with which Wheeling has formed ties. Indeed he was once quoted as saying that if only the U.S. Government would set up a protection system that worked against the importers, there would be a queue of foreigners at his door to buy the company.

That day may be some way away, because even with the new rail mill two-thirds of Wheeling's product will still be of the flat rolled variety. Wheeling-Pittsburgh will still need all the resources it can command if it is to continue to defy the market's law of gravity.

Swiss move on SEC insider trading call

By John Wicks in Zurich

SWITZERLAND has delivered a Memorandum to the U.S. State Department in Washington stating that the Swiss bank involved in the client trading in St Joe Minerals call contracts in March would be contravening Swiss law if it divulged any further information.

Earlier this month, the U.S. Securities and Exchange Commission (SEC) brought a suit before a New York court calling for information from Banca Della Svizzera Italiana of Lugano, on deals in the St Joe contracts.

The bank subsequently obtained a waiver from its clients who, it said, had offered their co-operation to the SEC.

The Memorandum, presented by Mr Anton Hegner, the Swiss Ambassador to the U.S., to the legal counsel of the State Department, is "an intervention rather than a protest note," the Swiss Foreign Office said in Berne.

However, it states that the divulging of further information in the St Joe case would not be covered by a client waiver and would thus constitute a contravention of Swiss law. The bank itself has said repeatedly that it would be breaking Swiss banking secrecy regulations by giving further information to the SEC.

Moreover, the Memorandum said that insider transactions are not regarded as a publishable offence in Switzerland, so that the case would not be covered by the U.S.-Swiss legal aid agreement.

The SEC is at present acting through the New York court with a view to obtaining information over and above the identity of clients involved, although the Banca Della Svizzera Italiana said in Lugano yesterday that it had as yet received no demand for further information and that no sanctions had been ruled against the bank by the court.

West Germans set bond calendar at peak DM 1.2bn

BY ALAN FRIEDMAN

A DM 1.2bn calendar of new Eurobond issues for foreign borrowers has been set for the next two and a half weeks. This is the largest volume seen in West Germany in such a short space of time and reflects optimism about the short-term outlook for interest rates and encouraging West German balance of trade figures.

Just as the West German Subcommittee on Capital Markets was meeting, however, a small non - calendar item squeezed through in the shape of a DM 20m Japanese convertible for D'Urban Inc., the clothing group. DG Bank is leading the private placement, which carries a 6¼ to 6½ per cent coupon and is for six years.

The calendar got under way last night with a DM 150m five-year private placement for the Oesterreichische Kontrollbank. Priced at par, the bonds carry a 9¾ per cent coupon, the new level set last week for the New Zealand offering. Lead manager is the Bayerische Vereinsbank.

Today sees the launch of a DM 50m private placement for Ardal, the Norwegian group. Deutsche Bank is handling the paper, which is for six years and is expected to carry a 10 per cent coupon.

Next Tuesday a DM 75m private deal is expected for Philips Lamp through the Berliner Handels- und Frankfurter Bank (BHF). On December 1 a DM 60m public offering will be launched for the European Investment Bank by Commerzbank.

A DM 100m Eurobond is scheduled for the United Mexican States on December 2. Manager of the issue will be Deutsche Bank. Two days later, Ireland will launch a DM 100m issue through Commerzbank.

A question mark hangs over a DM 50m Eurofima issue, which may materialise on December 7 through BHF. But there is no doubt about a DM 100m issue for National Westminster Bank, which last appeared in this sector two months ago. Natwest's issue is expected on December 9 with WestLB as manager.

The DM calendar's largest single issue will be a DM 300m offering for the Commonwealth of Australia, expected on December 11 through Deutsche Bank.

The last item o nthe calendar is a DM 60m issue for the Finnish Municipal Loan group due on December 14 through BHF.

Added to these scheduled issues will be one or two issues for supranational European borrowers, totalling up to DM 200m. This should be plenty for the DM foreign bond sector to swallow, possibly even a bit too much.

In Frakfurt, traders reacted to the news of the calendar by marking prices down slightly. This price movement, however, was also related to the holiday closure of New York markets.

Eurodollar bond prices were marked up around ¼ point. A $50m five-year issue for Finnish Export Credit was announced by Morgan Stanley. The bonds carry a 14¼ per cent coupon and are priced at 99 to yield 15.05 per cent.

This compares with the 14.86 per cent return decided through lead managers S. G. Warburg and Salomon Brothers yesterday for the Kingdom of Sweden issue. The coupon is now 14¼ per cent and the price at 98½. The issue is fully subscribed.

A zero coupon bond for the Nordic Investment Bank is being launched today through Credit Suisse First Boston and Merrill Lynch. The $50m five-year issue is being priced at 51¼ to yield 14.08 per cent.

● A C$50m five-year issue was launched last night for General Motors Acceptance Corporation of Canada. The bonds carry a 16 per cent coupon and are priced at 99½ to yield 16.15 per cent.

ITO ahead at nine months

BY OUR FINANCIAL STAFF

EARNINGS FROM continuing operations at International Thomson Organisation (ITO), the holding company for the Thomson family interests in the UK, the North Sea and U.S. travel and publishing, have moved up from £33.3m to £37.4m ($72.2m) at the nine-months stage. At the net level, earnings of £37.4m compare with last year's £28.2m, with the 1980 figure bearing a £5.1m charge for losses at Times Newspapers Holdings, now classified as "discontinued operations."

The directors say that these results are not necessarily indicative of the full year but if the final quarter is up to expectations, then earnings for the whole of 1981 will be in line with last year's total of £45.1m from continuing operations.

The net earnings for this year's nine months is struck after a first-time charge of £49.4m for UK supplementary petroleum duty. Interest charges were up from £2.7m to £3.4m.

All comparative figures have been restated to allow for a change in accounting policy for foreign currency translations.

On the UK side, the board comments that the results benefit from the outstanding success of the summer season in the travel group during which Thomson Holidays sold a record number of package tours.

Asuag cancels dividend

BY OUR ZURICH CORRESPONDENT

SHAREHOLDERS of Asuag, the parent company of Switzerland's leading watch group, yesterday voted themselves out of a 6 per cent dividend which had previously been proposed by the board.

The decision to pass the dividend payment came after the board yesterday morning decided to alter its motion to the annual meeting from a recommendation of a dividend to a renunciation, because of the continued difficulties in the watch industry. This was agreed to by shareholders at the meeting held in Bienne.

In the Asuag annual report, dated October 14 and released a month later, the board had called for payment of an unchanged dividend of 6 per cent from holding company profits of SwFr 4.77m ($2.7m) and carried-over earnings of SwFr 3.29m. The decision to pass the dividend will have the company SwFr 4.5m.

The change in the proposal is attributed to the deterioration in the watch market during the past few months. This has seen Asuag this autumn introducing widespread short-time working in its Swiss factories. In the annual report it had pointed to a "clouding over" of the economic outlook since the close of its June 30 business year.

New guidelines set for UK bridging finance

By Peter Montagnon, Euromarkets Correspondent

The Bank of England has set a limit of six months on the maturity of bridging finance that can be arranged in the sterling acceptance market by foreign borrowers waiting to float "bulldog" bonds in the domestic market.

New guidelines, covering the conditions whereby such acceptances are eligible for discount at the Bank, are basically designed to preserve the short-term trade financing nature of the market without closing the door to its use as a medium for bridging finance.

Such a use of the market by foreign sovereign borrowers has been growing in popularity recently, but commercial bankers say that the Bank is clearly anxious to prevent it becoming a source of long-term finance through the continuous roll-over of acceptance facilities.

Sovereign borrowers raising bridging finance in the acceptance market must, therefore, give firm evidence of their intention to float a "bulldog" issue. Acceptances may not normally be renewed if the bonds have not been issued within six months of the date the bridging finance was arranged.

This is seen by commercial bankers as a clarification of the Bank's views rather than a tightening of its guidelines, although the recent £150m New Zealand facility would not apparently have been eligible for discount under the new rules because of its maturity of up to one year.

Since the Bank adopted the eligible bill market as its main instrument for monetary control in August it has been seeking to broaden the market's depth by encouraging foreign borrowers and doubling the number of banks whose bills are eligible for discount.

Since then the stock of eligible bills has grown by about £1.5bn ($2.9bn) with most of the borrowing coming from abroad, but the Bank's guidelines, which for example reject the issue of bills against anticipated future sales of airline tickets, are intended to ensure that quality is not sacrificed for the sake of growth.

The Bank states bluntly in its guidelines that it would not welcome the acceptance by eligible banks of bills that are not eligible for discount because of the confusion this would bring to the market-place and because this would put ineligible banks at a considerable disadvantage.

Alfa rescue package signed

By William Chislett in Mexico City

BANOBRAS, the Mexican state bank, has signed its controversial 12bn pesos ($480m) package with the ailing Alfa group, the country's largest private sector holding company.

The package is split between a loan of 7bn pesos and 5bn pesos in convertible preferential shares spread through 11 separate Alfa subsidiaries.

The Banobras deal will enable Alfa to push ahead with a more streamlined capital investment programme. Its interests range from steels to petrochemicals and food processing.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday December 15.

Closing prices on November 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16⅞ 88	100	103½	104	+0⅛	−0⅛	15.56
APS Fin. Co. 17¼ 86	60	105	105½	+0⅛	−0⅜	15.60
Br. Colum. Hyd. 16¾ 89	100	104⅜	104⅞	+0½	+0⅛	15.11
Br. Colum. Mle 17 97	54	105⅜	105⅞	+0⅛	+0⅛	16.03
Caterpillar Fin. 15½ 86	100	104⅞	105⅛	+0¼	+0¼	15.01
CIBC 15¾ 86	75	102⅞	103½	+0⅛	+0½	14.28
CIBC 16⅜ 91	100	105⅞	105⅜	+0⅛	+0¾	15.48
Citicorp Int. Fin. 15 86	150	101⅞	102⅛	+0⅛	−0½	14.36
Citicorp O/S 15⅛ 84	175	103⅞	104⅞	+0½	−0⅜	13.61
Citicorp O/S 16¾ 86	150	104¾	105⅛	+0⅛	+0⅛	15.19
Cities Service 17 88	150	107½	108	+0⅛	+0⅝	15.05
Con. Illinois 14¾ 84	100	101⅛	101⅝	+0⅛	+1½	14.04
Cons.-Bathurst 17½ 88	60	103⅝	104⅛	+0⅛	0	16.51
CPC Fin. 16¼ 86	60	106½	107	+0⅛	−0¼	14.64
EEC 14¾ 93	65	98¼	98¾	−0¼	0	14.99
EIB 16½ 88	100	103⅞	104⅜	+0⅛	0	15.43
EIB 16¾ 91	100	104⅞	105⅜	+0⅛	0	15.68
Ford Cr. O/S Fin. 16 85	150	99⅜	99⅝	0	0	16.13
GMAC O/S Fin. 14¾ 87	100	99⅛	99⅝	+0½	+0⅜	14.85
GMAC O/S Fin. 16½ 84	300	103½	104	+0½	+0¼	14.80
Gulf States O/S 17½ 88	60	107½	108	+0⅛	0	15.64
IBM Wld. Trade 14¾ 84	100	102⅝	103⅛	+0⅛	−0⅛	13.24
IBM Wld. Trade 14¾ 85	60	103¼	103¾	+0¼	−0½	13.41
Nat. Bk. Canada 16⅞ 88	40	101⅞	102⅜	+0⅛	−0⅛	16.63
New Brunswick 17 88	60	107	107½	+0⅛	−0⅛	15.19
Newfoundland 17¼ 89	60	107½	108	+0¼	−0⅛	15.44
Nova Scotia 15 91	75	99⅞	100⅜	0	+0⅞	14.92
Ohio Edison Fin. 17⅞ 88	75	104⅜	104⅝	−0⅛	−1⅛	16.36
Pacific Gas Elec. 16 88	75	103¾	104¼	0	+1⅛	14.95
PSNH Int. Fin. 17 86	30	103½	104	+0½	+0⅛	15.74
Quebec Hydro. 17⅛ 91	150	107¼	107¾	+0⅛	−0¼	15.68
Saskatchewan 16¼ 88	100	103	103½	+0⅛	+0⅜	15.45
Shell Canada 15¾ 91	100	105¼	105¾	+0½	+1	14.63
South California 14⅞ 89	50	101⅝	102⅛	−0⅛	+0⅝	14.21
Swed. Ex. Cred. 16½ 93	75	103⅛	103⅝	+1¼	+1⅜	15.86
Tenneco Int. 17 89	100	106½	107	+0⅛	+0⅛	15.42
Transcanada 17⅜ 88	75	107¼	107¾	+0⅛	−0⅛	15.82
Walt Disney 15¾ 86	100	104⅛	104⅝	+0½	+0⅛	14.38
Wells Fargo Int. 15½ 84	50	103¼	103¾	+0⅛	−0⅛	13.67
Winnipeg 17 86	50	106⅞	107⅜	+0½	+0⅛	14.81
World Bank 14⅞ 86	500	99⅜	99⅞	+0⅛	0	14.42
World Bank 16 86	210	102⅞	103⅜	+0½	−0⅛	14.89
World Bank 16 88	80	102⅞	103⅜	+0½	−0⅞	15.14
World Bank 16½ 86	130	105⅛	105⅝	+0⅝	+0⅜	14.82
World Bank 16½ 88	100	105⅛	105⅝	0	+0⅛	15.15

Average price changes... On day +0⅜ on week +0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99	99¾	+0⅛	+1	10.09
Asian Dev. Bk. 10¾ 89	100	101⅜	101⅞	+0⅛	−0⅞	10.45
Austria, Rep. of 8¾ 92	150	89¾	90¼	0	0	9.75
Belgelectric 11 91	100	101⅝	102⅛	+0½	+0¼	10.69
CECA 10 91	120	100⅝	101⅛	+0⅛	−1¼	9.86
Council of Europe 10 91	100	99⅞	100⅜	0	+1	9.94
Cncl. of Europe 10¾ 91	100	100⅛	100⅞	+0⅛	+0⅛	10.16
EIB 8¾ 90	300	93⅞	94⅛	+0½	+1⅛	9.57
EIB 10½ 91	200	102⅛	102⅞	+0½	+0¼	10.03
ESCOM 9¾ 87	100	94⅞	95⅜	0	−1½	10.35
Finland, Rep. of 10 89	100	99	99½	+0⅛	+2	10.10
Ind. Bk. Finland 8½ 90	50	90⅞	91⅜	−0⅜	+0½	10.02
Int.-Am. Dv. Bk. 10 91	100	99⅝	100⅛	0	+0½	9.90
Japan Air Lines 8¼ 87	100	94⅞	95⅜	+0½	+1½	9.19
Japan Dev. Bk. 7⅞ 87	100	92⅞	93⅜	+0⅛	+0⅞	9.17
Midland Int. Fin. 8½ 90	180	93⅞	94⅜	0	+1½	9.48
Mr. Bk. Dnmk. 10½ 91	100	100	100½	+0½	+0¼	10.43
Nat. West. 11 91	125	103⅞	104⅜	+0⅛	+0⅛	10.28
OKB 10⅛ 91	150	100⅝	101⅛	+0⅛	+0⅛	9.90
Renault Accept. 10¾ 86	150	100⅜	100⅞	−0⅛	0	10.57
Swed. Ex. Cred. 10⅛ 91	100	99½	100⅛	0	+0⅛	10.27
Venezuela, R. of 9¾ 90	150	93⅞	94⅜	+0⅛	+0⅛	10.78
World Bank 11 91	100	103⅝	104⅛	+0⅛	+0⅛	10.31

Average price changes .. On day +0⅛ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	93⅜	93⅞	+0⅛	0	7.44
BFCE 6½ 91	100	94¼	94½	−0⅛	+1	7.35
Bayer Int. Fin. 5¼ 92	100	91	91½	+0⅛	+0¼	6.33
Belgelectric Fin. 7¾ 91	100	102⅝	102⅞	+0⅛	+0⅛	7.33
Bergen, City of 6¾ 91	40	†100¼	100¾	−0⅛	+0½	6.67
CECA 6¾ 91	80	97¾	98	+0¼	0	7.06
Dome Petroleum 5¾ 91	100	91⅛	91⅝	+0⅛	+0⅛	7.07
Dome Petroleum 7¼ 90	100	102⅜	102⅞	0	+0⅛	6.61
Elet. de France 5¾ 90	100	†87	87½	0	+0½	7.25
Eurofima 5¾ 92	80	†88	88½	−0¼	−0¼	7.35
Finland, Rep. of 5⅝ 90	40	†87½	88	−0⅛	−0½	7.69
Franc. Petroles 6½ 91	80	95	95¼	+2	+1⅞	7.23
Genstar 7 91	100	101½	102	−0⅜	−1	6.74
Int. Amer. Dv. Bk. 7 91	100	98	98¼	+0⅛	−0½	7.27
I/S Elsam 8½ 91	30	104½	104⅝	−0½	−0⅞	7.86
Japan Dev. Bank 5¾ 90	100	93½	93⅞	0	−1⅞	6.76
Mt. Blanc Tunnel 5½ 90	60	†88	88½	−0⅛	+0⅞	7.36
Neder. Gasunie 8 91	100	105	105¼	−0¼	+0⅛	7.26
OKB 7 93	100	99⅝	99⅞	+0⅛	+1⅛	7.02
Oslo, City of 8 91	100	104⅞	105⅛	+0⅛	+0½	7.27
Swed. Ex. Credit 7¼ 91	75	96⅞	97¼	−0½	+0⅝	7.70
Trade Dev. Fin. 6⅝ 90	50	†89½	91	−0⅛	0	7.68
Voest-Alpine 5¾ 90	80	87	87½	+0⅛	−1	7.80
World Bank 6 91	100	90½	90¾	−0½	−1	7.43
World Bank 7 90	100	101⅛	101⅝	+0¼	+1⅛	6.75
World Bank 8 91	100	104⅜	104⅝	0	0	7.34

Average price changes... On day +0½ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¼ 91	15	98½	99¼	0	+0½	8.44
Australia 8½ 88	20	88⅜	89⅜	−0⅛	+0¼	8.33
EIB 7¾ 89	12	96⅞	97⅞	0	+1⅛	8.21
Finland 6 8 88	10	88¾	89¾	0	+0⅞	9.07
Finland, Rep. of 8¾ 87	15	99¼	100¼	0	+0½	8.41
New Zealand 8⅛ 87	15	99⅞	100⅞	0	+0½	8.27

Average price changes. On day −0½ on week +0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	†96½	97½	+0½	+1¾	14.57
CIBC 11½ 85 C$	60	†92½	93½	+0½	+0½	14.02
Federal Dev. 11½ 90 C$	60	†81½	82½	+0½	+1½	15.36
Federal Dev. 17¾ 86 C$	40	†105½	106½	+1¼	+2½	15.88
Fst. Can. Inv. 10 84 C$	50	†89½	90½	+0½	+0½	15.05
GMAC (Can.) 16 87 C$	60	†104	105	0	0	15.69
Tordom Cpn. 13½ 85 C$	30	†96½	97½	+0½	+0½	14.57
M. Bk. Dnmk. 9 91 EUA	26	80¾	81½	+0⅛	+2⅛	12.46
SOFTE 8¾ 89 EUA	40	76⅛	78	+1⅞	+2	13.21
U. Bk. Nwy. 9½ 90 EUA	18	86¾	87½	+0⅛	+0⅛	12.07
Algemene Bk. 10¼ 86 Fl	60	96⅞	97⅜	+0⅛	+0¼	11.10
Amfas Group 12¼ 86 Fl	40	99⅝	100⅛	+0⅛	+0⅛	12.28
Amro Bank 12 86 Fl	75	102	102½	+0⅛	+1⅛	11.30
Amro Bank 12 86 Fl	60	100⅝	101⅛	0	0	11.74
Heineken NV 10 87 Fl	100	94⅛	94⅞	−0⅛	+0⅛	11.31
Pierson 10¼ 86 Fl	50	95⅞	96⅜	+0¼	+1¼	11.61
Rabobank 12 86 Fl	50	100⅝	100⅞	0	−0⅛	11.77
Air France 14¼ 86 FFr	200	91½	92½	−0⅛	−0⅛	17.15
Bk. America 14½ 88 FFr	250	92¼	93¼	+0⅛	+0½	16.86
Charb'nages 13⅞ 85 FFr	400	90⅝	91⅝	−0⅜	−0⅜	17.06
EIB 14¼ 88 FFr	300	87⅞	88⅞	0	+0⅜	17.47
La Redoute 14¾ 85 FFr	125	90	91	0	+0¼	17.82
OKB 14 86 FFr	400	91⅜	92⅜	0	−0⅜	16.88
Solvay et C. 14¾ 86 FFr	200	91	92	+0¼	+0¼	17.65
Swed. E. Cr. 14⅞ 86 FFr	250	90¾	91¾	+0⅛	+0⅜	17.56
U. Mex. Sts. 14 85 FFr	150	91⅛	92⅛	0	+0⅜	17.28
Acona 14 85 £	20	91⅞	92⅜	−0⅛	+0½	16.80
Beneficial 14⅛ 90 £	20	85	85¾	+0⅛	+0⅛	17.59
BNP 13¼ 91 £	15	84⅞	85⅜	+0⅛	+0¼	16.73
CECA 13½ 88 £	20	90¼	91	+0⅛	+1⅛	15.81
Citicorp O/S 13½ 90 £	50	90⅜	91⅛	−0¼	+0½	15.48
Fin. Ex. Cred. 13¼ 86 £	15	92½	93¼	+0½	−0⅛	16.07
Gen. Elec. Co. 12½ 89 £	50	87⅞	88⅜	−0⅛	0	15.26
Hiram Walker 14¾ 86 £	25	94⅝	95½	+0½	−0½	15.83
Privatbanken 14½ 88 £	12	92⅝	93⅞	0	−0¼	16.21
J. Rothschild 14¼ 90 £	12	94	94¾	+0⅛	+0½	15.42
Royal Trustco 14 86 £	12	94¾	95	−0⅛	−0⅛	15.76
Swed. Ex. Cr. 13¾ 86 £	20	92⅝	93⅜	+0¼	−0¼	16.10
Akzo 9¾ 87 LuxFr	500	86½	87½	−0⅛	0	12.48
Euratom 9¾ 89 LuxFr	500	87	88	−0¼	0	12.80
Eurofima 10¼ 87 LuxFr	500	89	90	−0⅛	−0⅛	13.15
EIB 9¾ 93 LuxFr	600	84⅞	85⅞	0	+0⅛	13.36
Volvo 9¾ 87 LuxFr	500	85⅜	86⅜	−0⅛	−0⅛	13.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99⅝	100¼	18/12	16⅝	16.75
Bank of Montreal 5¼ 91	0⅛	100⅛	100⅞	29/4	17.06	16.96
Bk. Nova Scotia 5¼ 93	0⅛	100½	101	29/4	17.06	16.94
BBL Int. 5 86	0¼	99⅞	100⅛	20/5	13½	13.48
BFCE 5¼ 88	0⅛	100⅜	100⅞	26/4	16.94	16.83
BNP 5½ 88	‡0⅛	100¼	100¾	29/1	16⅞	16.67
Christiania Bk. 5½ 91	‡0⅛	98⅞	99⅜	5/2	15.56	15.70
Co-Ban Eurofin 5½ 91	0⅛	99	99½	14/4	16.69	16.81
Den Norske Credit 6 90	‡0⅛	99⅛	99⅝	5/2	15.56	15.66
Genfinance 5¼ 87	0⅛	100⅝	101⅛	30/4	17.06	16.91
Genfinance 5¼ 92	0¼	99¾	100¼	30/12	18.31	18.31
Giro und Bank 5¼ 91	‡0¼	99¾	100¼	23/12	17½	17.50
GZB 5¼ 92	‡0¼	98⅞	99⅜	5/12	17¼	17.40
Ind. Bank Japan 5¼ 88	0¼	100½	101	9/4	16⅝	16.50
Ind. Bank Japan 5¼ 88	0½	98⅝	99⅛	9/5	13.31	13.38
Lloyds Eurofin 5¼ 92	§0¼	99	99½	4/12	17.44	17.57
Lloyds Eurofin 5¼ 93	§0¼	100⅛	100⅝	29/4	17.13	17.04
LTCB Japan 5½ 89	0⅛	99½	100	16/1	18.32	18.38
Midland Int. Fin. 9 91	0⅛	100⅜	100⅞	30/4	17.06	16.96
Nacional Fin. 5½ 88	0⅛	98¾	99¼	25/3	17.31	17.49
Nat. Bk. Canada 5¼ 88	0¼	100⅛	100⅝	24/3	17.31	17.25
Nat. West. Fin. 5¼ 91	§0¼	99½	100	16/1	18⅛	18.17
Nat. West. Fin. 5¼ 92	§0½	100⅜	100⅞	23/4	17	16.89
Nordic Int. Fin. 5½ 91	0⅞	99¼	99¾	6/5	15⅝	15.70
Pemex 6 91	0⅛	98½	99	8/4	17	17.22
Pemex 5¼ 88	0⅞	98⅜	98⅞	14/2	18.81	19.09
Sanwa Int. Fin. 5¼ 88	0⅛	100⅛	100⅝	24/3	17¼	17.19
Societe Generale 5¼ 91	0⅛	99½	100	22/1	18⅝	18.67
Sparebanken 6 87	0¼	98⅞	99⅜	19/12	16.81	16.96
Standard Chart. 5¼ 91	0⅛	98¾	99¼	18/5	13.31	13.45
Sumitomo Fin. 5½ 88	0½	100⅝	101¼	6/2	19.56	19.37

Average price changes. On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	99½	101	−0⅞	−3.22
Bow Valley Inv. 8 95	4/81	23.12	†103	105	+3⅛	24.23
Canon 6¾ 95	1/81	829	115¾	117¼	+0⅛	2.98
Daiwa Secs. 5½ 96	12/81	539	†85	87	−1½	0.71
Fujitsu 4½ 96	10/81	8770	102½	104	+0¼	5.17
Furukawa Elec. 5¼ 96	7/81	300	128½	130	+4½	1.54
Hanson O/S Fin. 9½ 96	8/81	2.74	*†92	93	+8	2.58
Hitachi Cred. Cpn. 5 96	7/81	1966	101¼	103¼	+1⅞	11.67
Inchcape 8 95	2/81	4.55	†62½	64	−7¼	16.56
Kawasaki 5¼ 96	9/81	229	80	81½	−0½	−0.18
Marui 6 96	7/81	931	102⅛	103¼	−0⅛	−1.81
Matsushita El. 7½ 95	11/80	590	94½	96	+0⅞	1.41
Minolta Camera 5 96	10/81	909	76⅝	78¼	+0½	9.08
Murata 5¼ 96	7/81	2190	86½	88	+2⅛	9.37
NKK 6⅛ 96	7/81	188	98⅞	99¾	−0⅛	−4.87
Nippon Chemi-C. 5 91	10/81	919	80	82	−0¾	0.06
Ricoh 6⅛ 95	8/80	604	116¾	118¼	+2	1.89
Sanyo Electric 5 96	10/81	652	84	85½	0	8.58
Sumitomo Met. 5¼ 96	10/81	305	86½	88	+0½	1.58
Swiss Bk. Cpn. 6¼ 90	9/80	200	†92	94	−0½	21.32
Taylor Woodrow 8¾ 90	1/81	4.94	*†91	92	+14	12.75
Transco Int. 8¾ 95	2/81	88	*†82⅛	83	0	25.69
Tricorp 8½ 95	12/80	31.25	*†76	77½	0	39.04
Union Bk. Switz. 5 89	2/80	70.78	†89⅛	91⅛	+0⅛	9.40
Sharp Cpn. 6½ 88 DM	9/80	591.8	171¼	172¼	+0⅛	−2.21
Uny Co. 6½ 85 DM	11/79	879.3	104⅞	105	+0⅛	−1.66

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

...homson ...o pursue ...lks on ...artnership

By David White in Paris

...FRENCH Thomson group, ...has pulled out of a joint ...se-European venture for ...equipment, is to pursue ...ations with the three ...ning partners in order to ...ther means of collabora-...

...joint venture project, ...n Victor Company of ...(JVC), Thorn-EMI of ...., AEG-Telefunken of ...Germany and Thomson, ...een held up since May ...e of the French Govern-... failure to approve the

...mson, which is due for ...alisation, confirmed yes-... that it had decided not ...ahead with the venture ...original form, which ...have meant its taking a ...cent stake on an equal ...with the three other com-...

...luction was to have been ...uted between the three ...ean partners using some ...nents from JVC.

...nson, which currently ...s VHS video tape ...ers imported from JVC ...an, was to take care of ...eo camera side, with AEG ...ing the recorders and ...the video disc players.

...French group, which is ...hile pressing ahead with ...disc development for ...asting and computer ...id not say what kind of ...tive arrangement it had ...d.

...Thomson management ...ked the other partners ...delay after President ...is Mitterrand's election ... The JVC agreement ...nnounced between the ...unds of the Presidential ....

... by no means certain. ...r, that the previous ...l Government would ...favoured the project, ...went against the French ...y of providing a counter-...o Japanese technology in ...nd of field.

...new Government is ...to have asked Thomson ... at other possibilities of ...ation with European ...nies such as Philips and ...g in the video sector.

...Thomson decision to ...ut comes as the French ...is taking over full-...sibility for the loss-... Videocolor television ...enture, previously shared ...EG and RCA of the U.S. ...is planning a major ...nisation, starting with ...tdown of a plant at Ulm ...est Germany, which ...y belonged to AEG. ...tion is to be transferred ...two other Videocolor ...at Agnani in Italy and ...s.

...ontinuing French pre-... in the colour tube ...s is seen by the French ...ies as crucial to the ...'s ambitions in com-... related television ...ments.

...pag-Lloyd ...s advance

...RG — Hapag-Lloyd ex-...urnover on its domestic ...eign travel operations to ...DM 855m ($383m) this ...m DM 837m in 1980.

...l business turnover was ..." the West German ...and air and rail ticket ...ncreased, although the ...of the recession were felt ...ivisions.

...ompany expects sales of ...package holidays to fall ...144m from DM 162m, ...urnover of its activities ...gency for foreign travel ...ternational flights will ...DM 190m and DM 413m ...vely from from DM 186m ...387m last year.

Hoechst rights to raise DM 433m

BY KEVIN DONE IN FRANKFURT

HOECHST, ONE of the "big three" West German chemicals groups, plans a rights issue to raise DM 433.2m ($195m).

The company also said yesterday that it had suffered a drop of 20.7 per cent to DM 248m in group pre-tax profits in the opening nine months of the year, but that it expected to pay an unchanged dividend for 1981 of DM 7 per share.

The proceeds of the rights issue, the first to be made since early 1980 when the group raised DM 317m, will go towards financing capital expenditure, which is expected to total around DM 2.1bn next year, compared with DM 1.9bn in 1981.

The shares are being issued on a one-for-10 basis at DM 95 each. Hoechst shares have been trading this week at around DM 126, compared with a high for 1981 of DM 132 and a low of DM 110.

The group's nine month profits performance leaves it trailing well behind its major rivals Bayer and BASF.

RESULTS OF WEST GERMAN CHEMICAL MAJORS

Nine months to September 30—DM bn

	Hoechst	(% change)	Bayer	(% change)	BASF	(% change)
Turnover	25.8	+16.6	25.6	+18.1	25.7	+16.2
Pre-tax profit	0.928	−20.7	0.955	−9.5	1.108	−3.6
Capital investment for 1981	1.9	—	2.6	—	1.95	—

Hoechst's profitability has been hit by big losses on plastics, where the deficit this year is likely to total around DM 200m.

In addition it is still making losses in fibres and in large parts of its organic chemicals operations it has been unable to push through price increases on the scale needed to match the rise in raw materials and energy costs.

In the West German market, Hoechst suffered a drop of 2 per cent in sales volume, and plants were working at an average of only 72 per cent of capacity in the third quarter compared with an average of 77 per cent for the whole of 1980.

In the U.S., where Hoechst ran up losses of $10m last year, the company is again operating profitably, helped by the improved performance of its fibres division.

World turnover rose to DM 52.8bn in the nine months, an increase of 16.6 per cent. The rise was almost exclusively derived from sales outside West Germany, which jumped by 23.9 per cent to DM 18.6bn, while domestic sales virtually stagnated with a marginal rise of 1.1 per cent to DM 7.1bn.

The biggest increases in turnover were achieved in North America, Australia and the Far East. Foreign sales have been inflated by the weakness of the D-mark and price increases. But they have also been supported by a 5 per cent rise in sales volume with the main contributions coming from pharmaceuticals, agricultural chemicals, fibres, information technology and process plant.

● Rütgerswerke, the Frankfurt-based chemicals and construction materials group, is planning to raise DM 32m ($14.3m) of new capital through a one-for-eight rights issue, Stewart Fleming in Frankfurt writes.

The company, in which Conti-Gas and Ruhrkohle each have holdings of more than 25 per cent is to issue DM 10.75m of DM 50 nominal shares at a price of DM 150 a share. A further 20,000 shares are to be issued to employees.

In the first half of this year the company's sales revenues rose 4 per cent to DM 1.14bn.

RekSten negotiations underway

BY FAY GJESTER IN OSLO

NEGOTIATIONS are in progress between the main creditors of the Reksten tanker group and the State-backed Guarantee Institute (GI) which three years ago guaranteed a $161.5m loan to Reksten.

The talks, which started on Wednesday and were still in progress late yesterday, include representatives of Hambros Bank, the UK merchant bank which arranged the loan and which has priority mortgages on nine of Reksten's 12 tankers.

Also taking part are the Norwegian shipbuilding group, Aker, which built 10 of the 12 and is another major creditor, Ms Inger Prebensen, the GI's manager and Mr Ole Lund, a lawyer, who has been advising the GI in this complicated affair.

It is understood that there is now little left of the $161.5m credit handed to Reksten three years ago. Unlss the creditors agree new finance the company is expected to be allowed to go under—at heavy cost to both the Norwegian State and Reksten's creditors.

Reksten's total debts are estimated at several times the value of hte company's fleet of 12 ageing supertankers whose disposal value has been severely depressed by the prolonged recession in the world shipping industry.

One possible solution to the dilemma would be for Hambros to take over the nine ships in which it has first priority mortgages, thus lessening potential losses to the Norwegian State.

The nub of the Reksten affair, which has aroused great public concern in Norway, centres on the failure of the late Mr Hilmar Reksten, who founded the group, to disclose major assets he held outside Norway.

Chairman of CGE to resign

By Our Paris Staff

M AMBROISE ROUX, chairman of Compagnie Générale d'Electricité (CGE), has told the board he will resign as soon as the Government's nationalisation Bill becomes law.

He is the first head of a company on the nationalisation list officially to proffer his resignation.

Under the Bill, all board appointments at CGE and the other four top industrial groups on the list will be automatically terminated. M Roux said he wanted his departure to be "definitive."

Because of his past political links, M Roux was expected to be axed, anyway. The same goes for M Philippe Thomas, chairman of Pechiney Ugine Kuhlmann, the metals group. But others, such as M Roger Fauroux at Saint-Gobain and M Jean-Pierre Bouyssonnie at Thomson-Brandt, are expected to be kept on after the State takeover.

M Roux, 60, said his decision was dictated by his "attachment to the ethic of capitalism and the free market economy." In his last letter to shareholders, he said that CGE, which he has headed since 1970, was one case in which capitalism had "worked perfectly."

CGE is the biggest electrical group in France, with 1980 sales of FFr 46bn ($8bn) and a workforce of 180,000.

One name being tipped for the CGE chairmanship is that of M Simon Nora, who like M Jacques Delors, the Finance Minister, served as an adviser to M Jacques Chaban-Delmas, the Gaullist Prime Minister.

Buehrmann-Tetterode sees major earnings setback

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH paper and packaging group, Buerhmann - Tetterode (BT), has revised downwards its profits forecast for the second time this year.

The company now expects net profits in 1981 to be about 26 per cent lower—in line with the nine months decline—at around Fls 34m ($14m). BT recorded a 1980 net profit of Fl 46.2m.

Having originally forecast unchanged profits for this year, BT said in August that it expected a 10 per cent decline. It also hinted at continuing poor results in 1982, pointing out that the general economic climate in Western Europe would continue to be difficult.

BT's operating profit in the nine months was the same as in 1980 despite a further increase in costs. But at the net level profit fell 26 per cent to Fl 19.2m partly as a result of the sharp rise in interest charges and tax. Turnover rose nearly 4 per cent to Fl 1.92bn.

Two of BT's divisions—paper, toys and publishing, and printing machinery—were adversely affected but the industrial papers and board and packaging division increased operating profits, demonstrating the success of diversification.

The nine month figures take account of the acquisition of the board maker Dollard Karton, which led to an increase of nearly Fl 1m in BT's share capital plus the purchase of 26 per cent of the Bruna book retailing group.

● Holland America Line, the cruise company, expects sharply higher profits this year, largely because of higher than expected net interest earnings. It expects net profits to be at least $15m, compared with $10.7m last time. The second half is expected to improve strongly.

The line operates four cruise ships and has a further two on order. In 1977 it moved its managing board headquarters from Rotterdam to the U.S.

French toy plan near

PARIS — The French Industry Ministry is putting the finishing touches to a plan designed to revitalise the toy sector, which has been steadily losing ground to foreign competitors.

The main feature of the plan, to be unveiled next January, is the creation of a mixed company in which the Government will own one-third of the initial capital of FFr 10 ($1.78m) with the remainder spread among private toy manufacturers willing to join the new venture.

The idea is to consolidate a widely-dispersed sector comprising about 175 firms with an overall annual turnover of FFr 3bn, 20 per cent of which comes from exports.

The first objective of the plan will be to expand in the domestic market, where foreign made toys currently account for about 40 per cent of sales.

AP-DJ

Ansaldo expects growth

ROME—Ansaldo, the electrical engineering unit of the State-owned IRI-Finneccanica group, expects turnover to rise about 40 per cent this year to L1,350bn ($1.13bn) from L973bn in 1980. It said that consolidated group results would show a profit despite losses in some sectors.

Ansaldo units manufacturing electricity generating plants for power stations and electrical equipment for industry—which make up two-thirds of the group's activities—would continue to post a profit. However, Ansaldo warned that those operations would soon be hit by the effects of deepening recession.

The divisions producing motors and transformers would continue to show a loss, despite some improvement after recent restructuring efforts. Ansaldos CMI unit, which produces industrial lifting equipment, will remain in the red throughout 1982, the parent company said.

AP-DJ

Earnings setback at Pioneer Electronic

By Yoko Shibata in Tokyo

PIONEER ELECTRONIC Corporation, Japan's largest manufacturer of audio equipment, has reported a 26 per cent fall in consolidated net profits for its fiscal year ended September 30, to Y14.3bn ($66.5m), or Y123.94 a share, against Y179.22.

Overseas sales rose by 12 per cent to account for 67.3 per cent of total sales of Y315.36bn ($1.47bn) against Y290.91bn a year earlier. Domestic sales rose 1.8 per cent.

Overall sales of home audio models levelled off to account for 53.6 per cent of total sales. General audio sales, however, rose by 26 per cent, helped by buoyant demand for car stereo equipment.

Slow U.S. sales were offset by growth of Central and South American and African markets. European sales were strong, partly because of a new wholly-owned Dutch subsidiary and a Belgian manufacturing unit. But devaluation of the yen against European currencies understated these results to contribute to the fall in reported profits.

A further cause of the profits setback was higher interest costs because of heavier capital investments in video discs and video players. Pioneer has established Pioneer Video Inc., a wholly-owned U.S. subsidiary, to market laser video discs and players.

On a non-consolidated basis for the full year operating profits increased 12.1 per cent to Y32.29bn, net profits rose 7.7 per cent to a record Y16.24bn and sales rose 19.6 per cent to Y268.7bn.

For the half year ending March, Pioneer forecasts, on a non-consolidated basis, a 14.6 per cent decline in operating profits to Y12bn and a 14.5 per cent fall in net profits to Y6bn, on a 3.2 per cent increase in sales to Y129bn.

● Kansai Electric Power, Japan's second largest electric utility, reported a 31.2 per cent fall in unconsolidated net profits for the six months ended September 30, to Y32.03bn ($149m). Revenues rose 6.8 per cent to Y960.49bn ($4.47bn).

Wharf concessions on merger plan

BY KEVIN RAFFERTY IN HONG KONG

DIRECTORS of the Hongkong and Kowloon Wharf and Godown Company (Wharf) yesterday made concessions on three of the points brought up by critics who claimed that the company was "railroading" its proposed merger with World International (Holdings). They decided:

● To appoint Sun Hung Kai International as joint financial advisers with Wardley.

● To convene a new extraordinary general meeting in late January to consider the proposal to merge Wharf, which has large property interests, with World, a shipping company.

● To send to shareholders of World and of Wharf the scheme documents containing details of the formal proposals—before the January meeting.

Mr David Hinde, a director of Wardley, explained that the extraordinary general meeting fixed for Wednesday will still take place but a proposal will be medoe for its adjournment.

Since the merger plan, valuing World at HK$7.26n (US$1.3bn), was announced on Monday it has run into a barrage of criticism, especially from minority shareholders. They claimed that not enough information had been provided and Sir Yue-kong Pao, chairman of both companies, was trying to rush the arrangement through. On the figures provided, some minority shareholders also said that they would have to suffer considerable dilution of their assets.

The Pao family owns 67 per cent of World, which in turn owns 45 per cent of wharf.

One group of shareholders engaged Jardine Fleming, the merchant bank, as adviser. It advertised an advice to Wharf shareholders to vote against the scheme as it was not in their best interests. Last night Jardine Fleming said it had had "a tremendous response" to its advertisement and said that shareholders should continue sending in proxy forms.

In their announcement last night, the Wharf directors pointed out that they had seen Mr Robert Fell, the Commissioner for Securities, and he had confirmed "that the proposals did not involve any breach of the Hong Kong code on takeovers and mergers, whether as to mandatory bid requirements or in any other respect."

Trading in Wharf and World shares resumed yesterday. They closed at HK$5.85 and HK$3.57½ respectively against their pre-suspension prices on November 20 of HK$6.35 and HK$3.52½.

Sappi buys timber group

BY DES KILALEA IN JOHANNESBURG

SAPPI, South Africa's largest paper manufacturer, which is a member of the General Mining Union Corporation, has acquired Novobord for R20m ($21m) from Novobord's parent, Establissments G. Leroy of France.

Mr Basil Landau, Sappi's chairman, said Novobord is the South African market leader in particle board, sawn lumber and wooden crates. Thus the acquisition is a logical extension to Sappi's non-paper interests. These operations include structural timber, mining props, cores for laminated doors and shelving as well as certain chemical by-products.

Leroy will receive its R20m in cash, Sappi will pay R3.6m itself, with the balance coming from its Gencon parent, which is taking up 1.9m new Sappi shares issued at 872 cents each.

The new shares will raise Sappi's issued capital by 6.5 per cent and increase Gencor's stake in the group by three percentage points to 59.5 per cent.

Sappi expects Novobord to contribute turnover of R40m in 1982, with a taxed return of 20 per cent on shareholders' funds.

Michelin proposes lay-offs

BY DAVID WHITE IN PARIS

MICHELIN, the tyre group, plans to lay off workers at its French plants for between four and five weeks early next year to run down excess stocks.

The measure is expected to affect between 20,000 and 25,000 employees, or nearly half of Michelin's total French workforce.

Although none of the 15 Michelin plants is to be stopped totally, the measures are much more drastic than those brought in earlier this year, which involved 14 working days. The company has promised to maintain wages at a level at least 90 per cent of normal.

Michelin said that so far it had seen no sign of a pick-up on the French market and that the slump was worse for exports, which account for half its sales.

In France, the tyre market for cars is reckoned to have dropped by 9 per cent and for commercial vehicles by 18 per cent. In the rest of Europe, Michelin's sales have fallen by 13 per cent and 12 per cent respectively, and in North America by 16 per cent and 20 per cent.

AEG and SHK in China deal

By Our Financial Staff

AEG TELEFUNKEN of West Germany is planning to strengthen its position in the Chinese market by setting up a joint venture with Sun Hung Kai, a Hong Kong finance and trading house.

AEG and SHK will establish a 50-50 joint venture, capitalised at HK$1m (U.S.$180,000) and called AEG Telefungen SHK China.

The new company will promote sales of AEG capital equipment, cables, semiconductors and other products. In return, AEG has agreed with the Peking Government to buy more raw materials and semi-manufactured products from China.

Another task of the joint venture will be to intensify AEG's co-operation with China and pave the way for participation in major investment projects, AEG said.

Trading losses have hit Switzerland's bankers, and their tradition of secrecy is again under attack. Peter Montagnon reports

Red faces at Swiss banks as skeletons tumble out

ITE THEIR reputation iscretion, not even Swiss can keep all their ons in the cupboard.

r the past few weeks a er of skeletons have come ing out, causing the ial community along h's prosperous Bahnhofe to squirm with embarent as the impression that Switzerland is not, all, a banking country all suspicion.

ss Volksbank has admitted osses of some SwFr140m 7.8m) as a result of clients' pility to cover silver maroperations. The losses will covered from hidden reves, leaving the bank's reholders' equity intact at r 1.1bn, but profits will down this year and there be a substantial cut in dend.

ique Scandinave en Suisse itted that "incorrect agement of customers' ls, partly on the instrucof customers," had led losses in the currency ket. These totalled around n, although the bank's loss was $17m and the nce is to be covered by nts.

e Cantonal Bank of erne disclosed that it ds to make substantial es because of the diffiies of one unnamed client of the construction pany, Cobau, but it will be able to make eduled payments to the ton this year and keep visions and write-offs n to around 1980 levels. ica della Svizzera Italiana I) of Lugano was forced a U.S. court to persuade nts to waive their right protection under Swiss bank secrecy in connection with an inquiry into allegations of insider dealing in St. Joe Minerals shares at the time of the unsuccessful takeover bid by Seagram last March.

Swiss bankers are quick to point out that there is no direct connection between any of these "mishaps," but they do admit to a certain feeling of unease. To outsiders, at least, the speed and relentless progression of the disclosures is faintly reminiscent of the awful days of 1977 when serious losses were discovered at Banca Weisscredit, Credit Suisse and Banque Leclerc of Geneva.

The losses now being sustained of course are in no way as serious — indeed, the BSI problem does not involve losses at all—but now, as then, suggestions of sharp practices in Swiss banks are subjecting the financial community to renewed public scrutiny. This is all the more painful as it comes against the background of a rather poor year for profits generally.

"It's pure coincidence that the news all came out at once," says Herr Bernhard Mueller, Banking Commission Director. "Had the Swiss Volksbank been more sensible it would have told the media about its losses last spring."

By waiting as long as it did the bank was forced to deal shareholders a double blow. Not only was Dr Ernst Brugger, its chairman, and a former Economy Minister, obliged to explain the silver losses—"the only serious operational mishap we have suffered in decades"—he also had to admit that operating profits before tax and write-offs had fallen 12.5 per cent in the first three quarters of the year.

Dr Ernst Brugger, chairman of Swiss Volksbank, and former Swiss Economy Minister

The main reason for this has been a serious squeeze on interest margins. Short-term interest rates have risen to unprecedented levels this year as the National Bank stepped up its fight against inflation. As a result, depositors have switched from low-yieding current and savings accounts to more lucrative time deposits.

But lending rates, particlarly on mortgages, have been slower to move upwards and Swiss Volksbank has about one-third of its total assets of SwFr 18bn invested in mortgages. Thus it has felt the squeeze more acutely than some of its bigger competitors, but even they admit that times are hard.

Herr Nikolaus Senn, general manager of Union Bank of Switzerland, which expects record published profits this year, recently conceded that new domestic lending had become all but unprofitable.

Worse still, the slowdown now developing in the Swiss economy has prompted fears of increased write-offs on existing credits. This, like the squeeze on the mortgage rate, would hit the regional banks hard.

Many bankers fear that published profits of the regional banks could decline next year to the point where there is an apparent shift in the concentration of banking power in favour of the well-diversified giants.

This, says Dr Mueller, "would be very bad for the banks politically." There has always been an undercurrent of political opinion in Switzerland which resents the success of the country's major banks and is suspicious of the power they wield.

It is perhaps a measure of the sensitivity of the major banks to the dangers of such a backlash that they are emphatic in their efforts to play down the problems of the regional banks.

"I really can assure you that it's not alarming," says Dr Franz Schmitz, a general manager of Swiss Bank Corporation. "You shouldn't generalise. There are some local banks which seem to do well."

Dr Hans Mast, chief economist at Credit Suisse, adds that with short-term interest rates now on the way down, profits of local banks may in fact turn out much better than expected as they will have to make fewer write-downs on their securities holdings.

If anything, the major banks calim to be more worried about the implications of the BSI affair than with developments at home. Dr Schmitz complains that the BSI has been "a bit weak in its attitude to the U.S. Securities and Exchange Commission."

By naming the cilents involved in the St Joe Minerals share dealings, it has set a precedent which other banks might also have to follow. In the last analysis, some fear that this could make almost any dealings on U.S. stock exchanges impossible for Swiss banks.

"We can't ask every customer why he's buying. A real insider wouldn't tell us he was holding privileged information," says Dr Mast.

The problem for the banks is that insider trading is not an offence in Switzerland itself. There is not even a code of practice followed by the stock exchanges. Because of this there is a high degree of uncertainty over how far banks must disclose the names of clients caught up in insider dealing enquiries abroad.

LANCE SHEET DEVELOPMENTS AT MAJOR SWISS BANKS

regate totals in SwFr bn for Union Bank of Switzerland, Swiss Bank Corporation, Credit Suisse and Swiss Volksbank

	31.12.80	31.3.81	30.6.81	30.9.81
assets	233	242	254	255
omer time deposits	53	58	67	69
omer sight deposits	25	25	24	24
gage lending	29	30	32	33

table shows how bank funding through expensive time deposits increased, while inflows from cheap current accounts declined g the first three quarters. Mortgage lending continued to grow te a squeeze on margins.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Adig Investment
Postfach 708, 8000 Munich 1. Telex 524269
Adirenta ... DM19.41 19.99 -0.05 —
Adiverta ... 51.59 -0.17 —
Fondak ... 22.96 +0.40 —
Fondis ... 20.40 +0.18 —

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933
Albany $ Fd. (CI) ... 2.19
Next dealing Nov. 27.

Alexander Fund
37, Rue Notre-Dame, Luxembourg
Alexander Fund ... US$13.12 +0.14 —
Net asset value Nov. 23.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Dollar Inc. Fd. ... 10.41 ... 12.74
AHR Gilt Edg. Fd ... £10.95 11.02 -0.05 13.65

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv: ACMI, 62-63 Queen St., EC4. 01 248 8981
Distribution Nov. 24-26, (0.001005) (13.0%).

Arbuthnot Securities (C.I.) Ltd. (a)(e)(h)
P.O. Box 284, St. Helier, Jersey. 0534 76077
Dollar Income Tst. ... US$0.930 1.023 +0.001 15.65
East Intl. & Energy ... 124.9 147.0 -0.1 0.05
Gov't Secs. Tst. (CI) ... 69.5 71.25 -0.3 15.44
Daily Dealings—yields based on forecasts
Sterling Fd. ... 133.1 133.3 ... 0.38
Dealing on Wed.

B.I.A. Bond Investments AG
30, Saarerstrasse CH6301, Zug, Switzerland
Bearer Sfd. (Nov 20) ... 10.50 ...

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income ... US$110.09 115.50 ... 6.22
Prices at Nov. 19. Next sub. day Nov. 25.

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806
Barb. Int. Fund ... 115.5 121.0 ... 2.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey 0534 73741
Unigilt Trust ... 38.8 40.2 ... 14.70
Unidollar Trust ... US$1.23 1.29 ... 2.00
Unibond Trust ... US$3.34 ... 11.10

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations ... US$46.27 -0.02 1.77

Eurotax Investments Ltd.
1, Athol St., Douglas, Isle of Man.
UK Agents FIS, St. Albans. 0727 33166
Eurotax Inv. Fund ... 95.00 100.00 ... —

F & C Mgmt. Ltd. Inv. Advisers
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA ... US$10.65 ... 1.41
F. & C. Oriental Fd. ... US$21.54 ... 0.46
Prices November 18. Weekly dealings.

Fidelity International Ltd.
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets ... US$37.97 +0.11 1.32
Am. Vals. Cum. Pf. 53* ... $102.75 ... 3.00
American Vals. Com.* ... $15.29 ... —
Dollar Savings Trust ... US$86.72 ... 14.38
Far East ... US$32.61 +0.18 0.62
International ... US$40.83 +0.26 0.56
Pacific ... US$106.21 +0.62 0.25
World ... US$21.91 +0.19 1.80
Gilt Fund ... 21.2 21.4 +0.1 14.60
*Prices at October 30.

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg
Fleming Nov. 24 ... US$64.49 ... —

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt
FT-Interzins ... DM37.12 40.57 +0.05 —
Frankft. Effekt. Fd. ... DM52.36 55.01 +0.64 —

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Oct. 30 ... US$152.44 ... —

S. T. Management (U.K.) Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
A.U.T.H. ... US$7.5292 — ... —
Anchor Gilt Edge ... £8.37 8.42 +0.03 15.08
Anchor Int. Fd ... US$8.13 8.35 +0.07 1.43
Berry Pac Fd. ... US$67.89 +1.11 0.81
Berry Pac Strlg ... £4.32 4.5136 +4.16 0.92
G.T. Asia Fd. ... HK$21.33 +0.21 1.17
G.T. Asia Sterling ... £29.18 — 0.06 1.71
G.T. Australia Fd. ... A$29.07 ... 1.20
G.T. Bond Fund ... US$11.40 +0.09 10.09
G.T. Dollar Fd. ... US$12.53 +0.24 1.20
G.T. Dlr. (Strlg.) Fd. ... £14.78 15.39 ... 1.30
G.T. Invest. Fd. ... US$17.12 +0.03 0.58
G.T. Japan Small Cos. ... US$17.56 ... —
G.T. Technology Fd. ... US$27.99 ... —

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund ... £14.01 14.02 ... —
For Kemp-Gee see Scrimgeour Kemp-Gee.
For Keyser Ullman see Central Assets Management.

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) ... 7.08 7.33 ... 14.75
Gilt Trust (I.o.M.) ... 80.5 82.6 ... 14.75
Gilt Fnd. Guernsey ... 7.46 7.51 ... 14.75
Intl. Govt. Secs. Tst.
First Sterling ... £15.65 15.73 ... —
First Intl. ... £204.40 205.40 ... —

Kleinwort Benson Group
20, Fenchurch St., EC3. 01-623 8000
Guernsey Inc. ... 89.5 96.4 ... 5.75
Do. Accum. ... 125.8 138.5 ... 5.75
K.B. Eurobond Fd. ... £10.41 10.53 +0.01 8.58
K.B. Far East Fd. ... US$22.66 ... 1.88
K.B. Gilt Fund ... £9.06 9.12 ... 14.28
K.B. Int. Bd. Fd. Inc. ... US$56.06 ... 11.52
K.B. Int. Bd. Fd. Acc. ... US$108.93 ... 11.52
K.B. Intl. Fund ... US$16.57 ... 2.38
K.B. Japan Fund ... US$48.12 ... 0.73
K.B. Sterl. Asset Fd. ... £13.200 13.210 ... —
K.B. U.S. Gwth. Fd. ... US$22.30 ... 2.37
Signet Bermuda ... US$7.30 ... 2.31
Transatlantic Fd. ... US$62.62 +0.50 1.95

Kredietbank N.V. (Belgium)
Arenbergstraat 7, B-1000 Brussels
Eurinvest-NAV ... FLux.1,046 ... —

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361
Laz. Bros. Int. Cap. ... US$10.16 10.83 ... 1.00
Laz. Bros. Int. Inc. ... US$1051.90 1088.70 ... 15.00

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas ... 85.4 90.8 -0.2 1.36
Next dealing date Dec. 3.
Lloyds Trust Gilt ... £8.52 8.53 ... 14.47
Next dealing Dec. 2.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth ... SF618 658.50 ... 0.70
Lloyds Int. Income ... SF270.0 280.50 ... 6.40

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Ex. Nov. 24 ... US$6.10 6.49 ... —

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd ... DM9.03 9.58 ... 5.74
Dlr. Fxd. Int. ... US$7.78 8.30 -0.12 9.04
St. Fixed ... 94.0 99.5 ... 14.07
Yen Bond ... Y1201 1265 -1.0 3.95
Equity Funds
Channel Capital ... 90.3 95.1 +1.4 2.79
Internatl. Gr. ... US$10.77 11.65 ... —
Far Eastern ... US$18.52 20.03 ... —
North American ... US$6.58 7.12 ... —
Sepro ... US$17.90 19.36 ... —
Trust Channel Isl. ... 80.7 85.0 +1.2 6.27
Commodity Funds
Commodity ... 104.9 110.9 +0.5 —
Deposit Funds
St. Deposit ... 146.2 146.3 ... 0.17
Price on *Nov. 23 **Nov. 25
***Nov. 20. ****26. (Weekly dealings.) Daily dealings.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity ... 133.6 142.1 -0.5 —
$Equity ... US$2.225 2.367 -0.006 —
£Fixed Interest ... 182.7 193.2 -0.8 —
$Fixed Interest ... US$1.358 1.444 -0.004 —
£Managed ... 164.1 174.5 -0.7 —
$Managed ... US$1.807 1.922 +0.003 —

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd ... £11.6003 11.6065 ... —
Next subscription day Dec 2.

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000.
Am. Inv. Tst. Nov. 11 ... US$18.27 ... 1.91
Asian Fund Nov. 23 ... US$25.05 26.14 ... 2.58
Cheapside Nov 23 ... US$17.95 ... 2.23
Darling Fd. Nov. 23 ... A$2.82 3.00 -0.02 5.70
Japan Fund Nov. 26 ... US$11.14 11.96 +0.77 0.75
Trafalgar Fd. Oct. 31 ... US$234.59 ... —

Schroder Unit Trust Mgrs. Int. Ltd.
Box 273 St. Peter Port, Guernsey. 0481 28750
Mngd. Curncy ... — £5.00 ... —
£ Fixed Interest ... — £5.00 ... —
£ Equity ... — £1.00 ... —
$ Fixed Interest ... — US$1.00 ... —
$ Equity ... — US$1.00 ... —
Schroder Life Assurance Int. Ltd.
Mngd Curncy Life Fd ... — £5.00 ... —
£ Fixed Int Life Fd ... — £5.00 ... —
£ Equity Life Fd ... — £1.00 ... —
$ Fixed Int Life Fd ... — US$1.00 ... —
$ Equity Life Fd ... — US$1.00 ... —
Prices on Dec 9. Next dealing Dec 9.

Scrimgeour Kemp-Gee Mngmt., Jersey
1, Charing Cross St. Helier, Jersey. 0534 73741.

[illegible]

Companies and Markets

CURRENCIES, MONEY and GOLD

Pound strong

DOLLAR weakened slightly in quiet foreign exchange trading, with U.S. centres closed for Thanksgiving Day. Eurodollar interest rates maintained their recent downward trend, although longer term rates were steady to firm.

STERLING continued to gain support from the high level of London interest rates, compared with New York and several European centres, despite expectations that UK banks' base lending rates will be reduced within the next week or so. Market sources suggested that the pound, which finished at its highest level against the dollar since late June, was also helped by a slight improvement of sentiment about the British economy.

European currencies improved against the dollar, while the Italian lira remained the weakest member of the European Monetary System, slightly below the D-mark.

DOLLAR — trade-weighted index (Bank of England) was unchanged at 105.6. The U.S. currency fell to DM 2.2250 from DM 2.23 against the D-mark; to FFr 5.6075 from FFr 5.6325 against the French franc; and to Y216 from Y216.50 in terms of the yen, but was unchanged at SwFr 1.7775 against the Swiss franc.

STERLING — trade-weighted index (Bank of England) rose to 91.3 from 91.2, after opening at 91.2 and rising to 91.4 at noon. The pound opened at $1.9365-1.9375, and fell to a low of $1.9340-1.9350 in the morning on slight demand for the dollar, before touching a peak of $1.9420-1.9430 around noon. It closed at $1.9390-1.9400, a rise of 85 points on the day. Sterling rose to DM 5.3150 from DM 4.3075; to SwFr 3.45 from SwFr 3.4350; and to Y419 from Y418.50, but was unchanged at FFr 10.8750.

D-MARK — one of the weaker members of the European Monetary System following the last currency realignment but recovering after trading close to its divergence limit for several weeks. It has also shown some improvement against the dollar but doubts about future trends in U.S. interest rates and uncertainty over Germany's economic prospects have left the market nervous, with no clear trend evolving — The D-mark rose against the dollar and Swiss franc at the Frankfurt fixing, but declined against sterling, the Japanese yen and two major EMS members, the French franc and Dutch guilder. There was no intervention from the Bundesbank when the dollar fell to DM 2.2224 from DM 2.2277 at the fixing. There was little reaction to the fall in German interest rates, as call money eased to about 9.75 per cent from 10.5 per cent. The Swiss franc fell to DM 1.2504 from SwFr 1.2509, but the pound rose to DM 4.3150 from DM 4.2900; the French franc to DM 39.6350 from DM 39.62 per 100 francs; and the guilder to DM 91.36 from DM 91.34 per 100 guilders.

ITALIAN LIRA — Weakest member of the EMS recently despite the reshuffle of the system involving a devaluation of the weaker currencies including the lira. Italy's poor economic performance and high inflation compared with several of its European partners has depressed the lira once again — The lira showed mixed changes at the Milan fixing, improving against the dollar and Swiss franc, but losing ground to sterling and several EMS currencies such as the D-mark, French franc, and Dutch guilder. The D-mark rose to a record high of L535.95 from L535.32 at the fixing, and the pound improved to L2,312.70 from L2,299.40. The dollar weakened to L1,191.55 from L1,193.30, but recovered to L1,195.25 in the afternoon.

THE DOLLAR SPOT AND FORWARD

Nov 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9340-1.9430	1.9390-1.9400	0.57-0.47c pm	3.22	1.28-1.18 pm	2.54
Ireland†	1.5920-1.5980	1.5920-1.5950	0.95-0.88c pm	6.78	2.56-2.36 pm	6.16
Canada	1.1779-1.1795	1.1782-1.1785	0.49-0.52c dis	-5.14	1.02-1.06dis	-3.52
Nethlnd.	2.4320-2.4400	2.4350-2.4380	0.14-0.04c pm	0.44	0.52-0.42 pm	0.77
Belgium	37.32-37.45	37.34-37.36	8-15c dis	-3.69	32-40 dis	-3.85
Denmark	7.1500-7.1750	7.1550-7.1600	0.70-0.95ore dis	-1.38	3.80-4.10dis	-2.38
W. Ger.	2.2210-2.2280	2.2245-2.2255	0.27-0.22pf pm	1.32	0.94-0.88 pm	1.64
Portugal	64.05-64.90	64.40-64.60	30-110c dis	-13.02	70-240 dis	-9.61
Spain	95.05-95.25	95.15-95.20	40-48c dis	-5.55	115-125 dis	-5.04
Italy	1,191½-1,196	1,194¼-1,195¼	8¼-9¼ lire dis	-9.29	27-29 dis	-9.37
Norway	5.7330-5.7500	5.7450-5.7500	2.20-2.70ore dis	-5.11	2.70-3.20dis	-2.05
France	5.6000-5.6300	5.6050-5.6100	1.67-1.82c dis	-3.73	6.15-6.50dis	-4.51
Sweden	5.4570-5.4675	5.4600-5.4630	0.70-0.85ore dis	-1.70	0.65-1.00dis	-0.60
Japan	215.75-216.50	215.95-216.05	1.00-0.85y pm	5.14	2.60-2.45 pm	4.67
Austria	15.61-15.64	15.62-15.63	4-2¾gro pm	2.88	9¾-8¾ pm	1.98
Switz.	1.7720-1.7840	1.7770-1.7780	0.42-0.34c pm	2.56	0.90-0.82 pm	1.93

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.9340-1.9430	1.9390-1.9400	0.57-0.47c pm	3.22	1.28-1.18 pm	2.54
Canada	2.2810-2.2900	2.2850-2.2860	0.23-0.33c dis	-1.47	0.80-0.40dis	-0.52
Nethlnd.	4.71-4.74	4.72-4.73	1½-1c pm	3.17	3¼-3⅜ pm	3.07
Belgium	72.30-72.70	72.40-72.60	par-10c dis	-0.82	25-35 dis	-1.64
Denmark	13.86-13.91	13.90-13.91	2¼-1¼ore pm	1.62	1¼ pm-par	0.21
Ireland	1.2110-1.2175	1.2135-1.2145	0.31-0.42p dis	-3.61	1.00-1.21dis	-3.64
W. Ger.	4.30-4.33	4.31-4.32	1⅞-1½pf pm	4.52	4⅝-4¼ pm	4.17
Portugal	123.80-125.50	124.90-125.20	20-185c dis	-3.28	50-380 dis	-7.04
Spain	184.00-185.00	184.60-184.80	25-55c dis	-2.60	75-175 dis	-2.08
Italy	2,306-2,317	2,314-2,316	11-14 lire dis	-6.48	36½-40½ dis	-6.65
Norway	11.10-11.16	11.14-11.15	1½-2½ore dis	-2.22	1½ pm-½ dis	0.13
France	10.85-10.91	10.87-10.88	¼-1¼c dis	-0.83	4¼-5¼ dis	-1.93
Sweden	10.56-10.62	10.59-10.60	1½-½ore pm	1.34	5-4¼ pm	1.72
Japan	416-421	418½-419½	3.00-2.70y pm	8.16	7.65-7.35 pm	7.16
Austria	30.20-30.35	30.28-30.33	17-12gro pm	5.74	38-28 pm	4.35
Switz.	3.43-3.46	3.44½-3.45½	1¾-1½c pm	5.65	4¼-3¾ pm	4.64

Belgian rate is for convertible francs. Financial franc 80.15-80.25. Six-month forward dollar 1.55-1.45c pm; 12-month 1.85-1.65c pm.

CURRENCY MOVEMENTS

Nov. 26	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.3	Unavl'ble
U.S. dollar	105.6	"
Canadian dollar	86.7	"
Austrian schilling	117.3	"
Belgian franc	106.3	"
Danish kroner	88.4	"
Deutsche mark	122.8	"
Swiss franc	154.4	"
Guilder	115.1	"
French franc	81.4	"
Lira	55.3	"
Yen	146.4	"

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.608850	0.569304
U.S. $	12	1.17161	1.10189
Canadian $	15.40	1.38227	1.29758
Austria Sch.	6¾	18.3556	17.2446
Belgian F.	13	43.8416	41.1390
Danish Kr.	11	8.40923	7.87575
D mark	7½	2.61000	2.44895
Guilder	9	2.85580	2.68200
French Fr.	9½	6.58445	6.18490
Lira	19	1398.02	1314.00
Yen	5½	252.013	238.394
Norwgn. Kr.	9	6.74203	6.32374
Spanish Pta.	8	111.851	104.958
Swedish Kr.	11	6.40836	6.01411
Swiss Fr.	6	2.08898	1.95695
Greek Dr'ch.	20½	—	62.0143

OTHER CURRENCIES

Nov. 26	£	$		£ Note Rates
Argentina Peso	12,946-12,966†	6679-6699†	Austria	30.20-30.50
Australia Dollar	1.6830-1.6850	0.8690-0.8695	Belgium	79.70-80.70
Brazil Cruzeiro	229.34-230.34	118.37-118.96	Denmark	13.85-13.98
Finland Markka	8.367-8.390	4.3200-4.3220	France	10.86-11.01
Greek Drachma	105.861-109.081	55.95-56.15	Germany	4.29½-4.33½
Hong Kong Dollar	10.928-10.948	5.6450-5.6550	Italy	2320-2345
Iran Rial	151.30*	78.60*	Japan	419-424
Kuwait Dinar (KD)	0.540-0.546	0.2795-0.2799	Netherlands	4.70¼-4.74¼
Luxembourg Fr.	72.40-72.60	37.34-37.36	Norway	11.09-11.19
Malaysia Dollar	4.3380-4.3480	2.2410-2.2460	Portugal	123½-133
New Zealand Dlr.	2.3090-2.3130	1.1925-1.1935	Spain	184-195½
Saudi Arab. Riyal	6.60-6.66	3.4175-3.4195	Sweden	10.56-10.66
Singapore Dollar	3.9620-3.9720	2.0475-2.0525	Switzerland	3.43¼-3.46¼
Sth. African Rand	1.8685-1.8705	0.9635-0.9645	United States	1.93-1.95
U.A.E. Dirham	7.09-7.15	3.6715-3.6735	Yugoslavia	85-92

†Rate given for Argentina is the commercial rate. The financial rate for sterling is 20,764-20,784 and for the dollar 10,700-10,750. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.1904	+1.06	+0.28	±1.5368
Danish Krone	7.91117	7.89419	-0.21	-0.99	±1.6412
German D-Mark	2.40983	2.45004	+1.67	+0.89	±1.1077
French Franc	6.17443	6.18352	+0.15	-0.63	±1.3733
Dutch Guilder	2.66382	2.68228	+0.69	-0.09	±1.5063
Irish Punt	0.684452	0.690622	+0.90	+0.12	±1.6688
Italian Lira	1300.67	1314.14	+1.04	+0.91	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling ECU rate for November 26 ... 0.568161

EXCHANGE CROSS RATES

Nov. 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.940	4.315	419.0	10.875	3.450	4.735	2315.	2.286	73.45
U.S. Dollar	0.516	1.	2.225	216.0	5.607	1.779	2.438	1194.	1.178	37.35
Deutschemark	0.232	0.449	1.	97.10	2.520	0.800	1.095	536.5	0.530	16.79
Japanese Yen 1,000	2.387	4.629	10.30	1000.	25.95	8.234	11.28	5525.	5.455	172.9
French Franc 10	0.920	1.783	3.968	385.3	10.	3.172	4.345	2129.	2.102	66.62
Swiss Franc	0.290	0.563	1.251	121.4	3.152	1.	1.370	671.0	0.662	21.00
Dutch Guilder	0.212	0.410	0.913	88.68	2.302	0.730	1.	489.9	0.484	15.33
Italian Lira 1,000	0.432	0.838	1.864	181.0	4.698	1.490	2.041	1000.	0.987	31.30
Canadian Dollar	0.438	0.849	1.888	183.3	4.758	1.510	2.067	1013.	1.	31.70
Belgian Franc 100	1.380	2.677	5.956	576.3	15.01	4.762	6.522	3195.	3.155	100

FT LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 26)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 15/16	offer 12 1/16	bid 13 11/16	offer 12 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working-day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Nov. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15½-15¾	11⅝-11⅞	17-18	11¼-11½	2-3⅛	10⅛-10⅜	15¼-15½	18-20	12-15	7-7⅛
7 days' notice	15½-15¾	11¾-12	17-18	11¼-11⅜	17¾-18	10⅛-10⅜	15¼-15½	19¼-21¾	12-16	7-7¼
Month	15-15¼	11⅜-11½	16⅛-16½	11¼-11⅜	8⅝-9⅛	10⅛-10⅜	15¼-15½	20-21	15⅞-16⅞	7-7¼
Three months	14⅛-14⅜	11⅞-12⅛	15⅜-15¾	11¼-11⅜	9½-9⅞	10⅛-10⅜	16⅝-16⅞	21-22	16⅜-17⅛	7-7¼
Six months	14⅛-14⅜	12⅞-13	15½-15⅝	11¼-11⅜	9⅛-9⅜	10-10⅛	17⅜-17⅝	22-22⅝	16⅞-17⅜	7⅛-7⅜
One Year	14⅛-14⅜	13-13¼	15⅞-16	11¼-11⅜	8⅞-9	9⅝-9⅞	17⅞-18⅛	21⅞-22⅞	15¾-16¼	7⅛-7⅜

SDR linked deposits: one month 11⅞-11⅞ per cent; three months 11¹⁵⁄₁₆-12³⁄₁₆ per cent; six months 12⁹⁄₁₆-12⁷⁄₁₆ per cent; one year 12⁵⁄₁₆-12¹³⁄₁₆ per cent.
ECU linked deposits: one month 13⅜-13⅜ per cent; three months 13⁹⁄₁₆-13¹⁵⁄₁₆ per cent; six months 13⅝-14⅛ per cent; one year 13⁹⁄₁₆-13¹⁵⁄₁₆ per cent.
Asian $ (closing rates in Singapore): one month 11⅜-11⅞ per cent; three months 12¼-12⅜ per cent; six months 12¹³⁄₁₆-12⅞ per cent; one year 13⅛-13⅜ per cent. Long-term Eurodollar two years 13⅞-14⅛ per cent; three years 14⅛-14⅜ per cent; four years 14⅛-14⅜ per cent; five years 14⅜-14⅞ per cent nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one month 11.45-11.55 per cent; three months 11.45-11.55 per cent; six months 12.05-12.15 per cent; one year 12.40-12.50 per cent.

MONEY MARKETS

Further help

London clearing bank base lending rates 15 per cent (since November 10)

Interest rates showed little overall change in the London money market yesterday. The Bank of England chose to take out the shortage of day to day credit by way of repurchase agreements, leaving the market guessing for a further day after Wednesday's small reduction in dealing rates. One week money in the interbank market was quoted at 15¼-15⅜ per cent compared with 15⅜-15½ per cent on Wednesday while the three-month rate remained at 14⅞-14⅞ per cent.

The Bank gave an early forecast of £300m and gave help during the morning totalling £245m. This comprised sale and repurchase agreements on £245m of bills at 14⅞-14⅞ per cent, unwinding on December 14. At 2 pm the shortage was modified to £350m, not taking into account the morning help and the Bank entered into further sale and repurchase agreements on £146m of bills at 14⅞ per cent, also maturing on December 14. This brought the day's total assistance to £391m. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills, totalling £175m and Exchequer transactions draining £100m.

Discount houses were paying up to 15¼ per cent for secured call loans at the start but later balances were taken down to 14 per cent. In the interbank market overnight money opened at 15¼-15½ per cent and reached a peak around lunchtime of 16-16¼ per cent before falling away to close at 14-15 per cent.

In Frankfurt large Government disbursements and the unwinding of reverse repurchase agreements were seen as the main factors behind a large surplus of liquidity in the money market. This was reflected in the rate for overnight money which was quoted as low as 9.25 per cent compared with 10.5 per cent on Wednesday. This prompted the Bundesbank to arrange short term currency swaps with commercial banks to mop up excess funds and call money is expected to return to above 10 per cent in the next few days. However this is still considerably less than the current special Lombard rate of 11 per cent, leading to continued speculation that the cost of this facility may soon be reduced. For the time being the Bundesbank announced that the rate would remain unchanged for today at 11 per cent.

MONEY RATES

NEW YORK	
Prime rate	15¾-16
Fed. funds	—
Treasury bills (13-week)	—
Treasury bills (26-week)	—
GERMANY	
Special Lombard	11.0
Overnight rate	9.25-9.90
One month	10.70
Three months	10.80
Six months	10.25
FRANCE	
Intervention rate	15.25
Overnight rate	15.625
One month	15.3125
Three months	15.375
Six months	15.375
JAPAN	
Discount rate	6.25
Call (unconditional)	6.90625
Bill discount (three-month)	7.34375

GOLD

Slight fall

Gold fell $¾ to $409-410 in quiet London bullion trading. It opened at $409½-410½ and was fixed at $409.75 in the morning and $409.50 in the afternoon. Gold touched a peak of $410½-411½, and closed at the lowest level of the day after moving in a very narrow range, with U.S. markets closed for Thanksgiving Day.

In Paris the 12½ kilo gold bar was fixed at FFr 75,500 per kilo ($418.21 per ounce) in the afternoon, compared with FFr 75,500 ($417.60) in the morning, and FFr 75,000 ($415.07) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 29,490 per kilo ($411.98 per ounce), against DM 29,270 ($407.97) previously, and closed at $409-410, compared with $409-411.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $410.70, compared with $405.75.

In Zurich gold finished unchanged at $408-411.

	Nov. 26		Nov. 24	
Gold Bullion (fine ounce)				
Close	$409-410	(£211-211½)	$409¾-410¾	(£212-212½)
Opening	$409½-410½	(£211½-212)	$405-406	(£212½-213)
Morning fixing	$409.75	(£211.320)	$406	(£211.019)
Afternoon fixing	$409.50	(£211.246)	$409.50	(£211.628)
Gold Coins				
Krugerrand	$422-423	(£217½-218)	$422-423	(£218-218½)
1/2 Krugerrand	$217-218	(£111¾-112¼)	$217½-218½	(£112½-113)
1/4 Krugerrand	$110½-111½	(£57-57½)	$111-112	(£57¼-57¾)
1/10 Krugerrand	$45-46	(£23¼-23¾)	$45¼-46¼	(£23½-24)
Mapleleaf	$422-423	(£217½-218)	$420½-422½	(£217¼-218¼)
New Sovereigns	$100-100¾	(£51½-52)	$100¼-100¾	(£51¾-52)
King Sovereigns	$111-112	(£57¼-57¾)	$111-112	(£57¼-57¾)
Victoria Sovs.	$111-112	(£57¼-57¾)	$111-112	(£57¼-57¾)
French 20s	$103-113	(£53-58½)	$103-113	(£53¼-58¼)
50 pesos Mexico	$509-512	(£262¼-264)	$506-510	(£261½-263½)
100 Cor. Austria	$400-404	(£206-208¼)	$398-402	(£205¾-207¾)
$20 Eagles	$510-515	(£262¾-265½)	$505-510	(£261-263½)

LONDON MONEY RATES

Nov. 26 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14-18	15¾-15⅞	—	—	15½-15¾	14-15¼	—	—	—
2 days notice	—	—	15¾-15½	—	—	—	—	—	—	—
7 days or 7 days notice	—	15⅜-16⅛	15¼	—	—	—	—	—	—	—
One month	15⅛-15	15½-15¾	14⅞	—	—	15¾-16	14¾-15	—	—	—
Two months	14⅞-14¾	15⅛-15⅜	—	15¾-15	15¼	15½	14⅞-14½	14⅜-14⅞	14⅞-14⅞	15½
Three months	14¾-14⅞	14¾-14⅞	14⅞	15¼-14⅞	15⅞	15¼	14-14½	14⅜-14⅞	14⅞-14⅞	15¼
Six months	14½-14⅝	14⅜-14⅞	14⅛	15⅛-14¾	14⅞	15⅛	13¾-14	(13⅞-13⅞)	13⅞-14	14¾
Nine months	14¼-14⅛	14⅞-14⅞	—	14-13¾	14⅝	—	—	—	13⅞-13⅞	14
One year	14¼-14⅛	14⅛-14⅞	14¼	14½-14¼	14⅞	—	—	—	—	—
Two years	—	—	14⅛	14½-14¼	14⅞	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅞ per cent; four years 14⅞ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞ per cent; four months trade bills 14⅞ per cent.

Approximate selling rate for one month Treasury bills 14¹¹⁄₃₂-14⅞ per cent; two months 14-14⅛ per cent; three months 13⅞-13¹³⁄₁₆ per cent. Approximate selling rate for one month bank bills 14⅜ per cent; two months 14⅜ per cent; and three months 13²¹⁄₃₂-13⅞ per cent; one month trade bills 15¼ per cent; two months 14⅞ per cent; three months 14⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from November 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 13 per cent. Clearing Bank Rates for lending 15 per cent. Treasury Bills: Average tender rate of discount 13.8061 per cent.

WORLD STOCK MARKETS

Nikkei Dow slightly higher

Share prices in Tokyo yesterday closed slightly higher on balance led by continued strength in drugs and drug-related issues. Big capitals declined reflecting high margin buying, dealers said.

The Nikkei Dow Jones average gained 13.90 to 7,644.69 in moderate trading volume of 330m shares. The Tokyo Stock Exchange index added 0.39 to 563.04.

The market opened higher with foreign investor favourites leading the way following Wednesday's rise on Wall Street, but prices eased later on concern over tighter margin trading curbs and the record level of margin buying.

Wall Street was closed yesterday for the Thanksgiving Day holiday.

Gainers in drugs and drug-related issues included **Tanabe** up Y60 to Y1,070, **Daiichi** 70 to Y1,100, **Kaken Chemical** Y110 to Y1,900, **Green Cross** Y80 to Y2,450, **Toray** Y5 to Y427, **Kyowa Hakko** Y5 to Y570, **Asahi Chemical** Y12 to Y349 and **Teijin** Y11 to Y246.

Motors and Precisions advanced slightly, but light electricals closed mixed.

Trading houses gained sharply with **Mitsubishi Corporation** up Y19 to Y672, **Mitsui and Company** Y14 to Y384 and **Sumitomo Corporation** Y10 to Y559, but **Hitachi** lost 8 to Y630, **Nippon Steel** Y4 to Y171 and **Kawasaki Heavy Industries** Y3 to Y230. The second market ended slightly lower.

Canada

Stock prices were higher at midsession with the Toronto Composite Index up 10.1 points at 1,962.6 on volume of 2.5m shares.

Mr Roland Bertin, an analyst with Burns Fry Limited, said the market is in its traditional form of moving higher when the U.S. markets are closed.

Gaining issues led the declines 202 to 140 on the 540 stocks traded. Ten of the 14 indices increased with Oil and Gas gaining 38.3 to 3,789.0 and Golds up 19.9 to 3,071.6 at 1 pm.

Among the actives, **Dome Petroleum** was up ⅛ at C$15⅜ and **Dome Canada** gained $⅛ to C$6⅛.

Analysts have been greeting favourably Dome Petroleum's conditional plans to sell parts of its 53 per cent owned **Hudson's Bay Oil and Gas** to subsidiaries and other interests.

Murphy Oil was up C$2 to C$26, **Dofasco A** gained C$¼ to C$41¼, **Inco** put on C$¼ to C$18 and **Hiram Walker Resources** rose C$¼ to C$23½.

Closing prices for North America were not available for this edition.

Hong Kong

Stocks closed steady aided by a late rally. This was prompted by speculation that interest rates could be cut at today's weekly rate review by the Hong Kong Association of Banks.

Share prices had drifted lower by mid-day yesterday depressed by the worse-than-expected performance of the shares of **Hong Kong Wharf** and **World International** on resumption of trading following their suspension.

The Hang Seng index closed at 1,439.95 up 11.27.

Leaders were generally higher. Among them **Jardine Matheson** rose HK$1.1 to HK$18.50 and **Jardine Securities** was also up 90 cents to HK16.30. **Hongkong Land** gained 25 at HK$10.20, while **Hongkong Bank, Hutchison Whampoa** and **Swire Pacific "A"** all advanced 20 cents to finish at HK$15, HK$18.50 and HK$11.80 respectively.

Hongkong Wharf ended 55 cents lower than Friday's close, at HK$5.80, while **World International** advanced 5 cents to *HK$3.575*.

New World International was active on the announcement of results, but showed no change in closing at HK$5.10.

Singapore

Share prices closed narrowly mixed with prices fluctuating uncertainly on bouts of buying support and profit-taking in active selective trading.

Malayan United Industries turned ex-bonus yesterday and dropped S$7.08 to S$4.42. Elsewhere, **Metro** was up 40 cents to S$8.00, **Straits Steamship** 20 to S$4.28 and **Malayan Building Society** 42 to S$3.72 while on the decline, **Genting** was off 15 cents to S$5.75, **Wearnes** 10 to S$2.98 and **Development Bank** 10 to S$8.40. The Straits Times Index was unchanged at 729.32.

Australia

A resources sector recovery, firmer prices for key industrial issues and heavier turnover because of local takeover action translated into the best rise in the market in nearly three months, dealers said.

The Sydney All Ordinaries Index closed 10.9 up at 580.00. Bargain hunters pursued cheap big base metal stocks and the Metals Index advanced 15.9 to 417.6 while the All Mineral and Metal Stocks Index rose 13 to 428.5.

Dealers said the rise saw the start of a rally as gold and Wall Street firmed and better U.S. economic indicators overshadowed fears of a severe U.S. recession.

Market leader **BHP** rose 25 cents to A$10.45, **Peko** 50 to A$5.70, **CRA** 10 to A$2.95, **WMC** 15 to A$3.93, **Bougainville** 12 to A$1.20, **Central Norseman** 20 to A$6.90, **North Broken Hill** 12 to A$2.70, **Poseidon** 25 to A$3.15, **MIM** 12 to A$3.30 and **Ashton** 4 to A$1.37.

Oil and gas issues also rose with **Vamgas** up 50 cents to A$9.70, **Hartogen** 10 to A$5.30, **Bridge** 15 to A$4.15, **Crusader** 20 to A$ 5.50 and **Santos** 24 to A$5.14, but the Rundle twins, *Central and Southern Pacific*, eased slightly.

Among industrials, **TNT** gained 5 cents to A$2.50, **CUB** was steady at A$2.55, **ICI** gained 5 to A$1.70, **Boral** 5 to A$3.38 and **Bank of NSW** 11 to A$3.19 and **CSR** retreated 12 to A$3.58.

Germany

Shares prices closed firm, retaining their early strength in moderate trading inspired by the improved West German trade performance and by the rally on the domestic bond market.

The Commerzbank index was up 10.6 to 687.8, with the banking sector leading the market higher. **Deutsche Bank** reached DM 275, up DM 4.50 from Wednesday's close, and at its day's high. **Dresdner** gained DM 6 to DM 134 and **Commerzbank** DM 4.50 to DM 136.

Hoechst was barely changed at DM 126.20, after DM 126 on Wednesday, following a report of lower nine-month earnings and expectations of an unchanged dividend. **BASF** was up DM 1 to DM 137.50 and **Bayer** slipped DM 0.30 to DM 139.

Mannesmann, benefitting from further consideration of the Soviet gas pipeline deal, rose DM 5 to close at DM 159. **GHH** was up D M3.80 at DM 209.30 and **Linde** gained DM 7 to DM 319.50.

Siemens advanced DM 2 to DM 198.50, while **AEG** slipped 0.40 to DM 43.70 and **BBC** fell DM 1.30 to DM 208.70, having opened higher. **Preussag** rose DM 1 to DM 200, and **Metallgellschaft** was up DM 2.50 at DM 274.50.

In Cars, **VW** was up DM 1.80 to DM 127.80, **Daimler** one to DM 338 and **BMW** DM 1.50 to DM 191.50. In Stores, **Karstadt** gained DM 2 to DM 208 and **Horton** added 0.80 to DM 126.

Johannesburg

The stock market closed quietly firm, led by gold shares in response to the higher international bullion price.

Heavyweight producers **President Brand** and **Kloof** gained R1.50 apiece at R47.50 and R39.00 respectively.

CANADA

Stock	Nov. 25	Nov. 24
AMCA Intl.	23¾	24
Abitibi	21½	21
Agnico Eagle	7⅞	7½
Alcan Alumin	26⅝	26⅝
Algoma Steel	41½	42

BELGIUM (continued)

Nov. 26	Price Frs.	+ or —
Petrofina	4,100	.....
Royale Belge	3,820	—30
Soc Gen Banq.	1,650	+50
Soc Gen Belge	908	—10
Sofina	2,420	—25
Solvay	1,650	+10

HOLLAND

Nov. 26	Price Fls.	+ or —
ACF Holding	68	+1
Ahold	57.5	+1.0
AKZO	23	+0.7
ABN	286.5	+1.0
AMEV	90.7	.....
AMRO	52.6	—0.1
Bredero Cert.	180	+2

AUSTRALIA

Nov. 26	Price Aust. $	+ or —
ANZ Group	5.66	+0.06
Acrow Aust	1.30	.....
Allstate Expl	0.70	.....
Ampol Pet	1.70	.....
Assoc. Pulp Pap	2.00	.....
Audimco	0.10	.....
Aust. Cons. Ind.	1.75	+0.02
Aust. Guarant.	2.20	+0.05

JAPAN (continued)

Nov. 26	Price Yen	+ or —
Kubota	341	.....
Kumgaai	407	—8
Kyoto Ceramic	3,160	.....
Lion	428	+6
Maeda Cons	584	—62
Makita	870	—5
Marubeni	340	+5
Marudai	710	+2

Behind the weather forecast

By Sir John Mason, Director General, Meteorological Office

ALTHOUGH the Meteorological Office is judged mainly by its weather forecasts on television and radio, these represent only a small part of its activites.

More important to the national economy are the specialised, tailor-made services provided for weather-sensitive industries such as aviation, shipping, agriculture, gas, electricity, building and construction. Forecasts are provided for anything that flies—from Concorde to pigeons—and for anything that sails—from giant tankers crossing the Pacific Ocean to small boats in the Solent. Advice is available on problems as diverse as the spread of foot-and-mouth disease and the setting of concrete or chocolate.

Last year 2.5m forecasts were issued for British and foreign airlines and for the RAF. More than 2m enquiries were received from many sectors of industry and commerce. To give but one important example, at London Weather Centre a roster of forecasters work round the clock to provide forecasts of wind, waves and weather for the oil and gas platforms in the North Sea and for the helicopters that supply them.

All these activities bring in an annual revenue of about £20m while services to the RAF are provided to the tune of another £20m. A further £10m pays for services to the general public and for most of the national effort in meteorological research.

In order to meet ever increasing demands for its services and a much-reduced staff, the "Met" Office has instituted a major programme of automation based on advanced telecommunications and computer facilities at Bracknell to which has just been added the fastest and most powerful computer in the world.

Very few realise the scale and complexity of the operation that lies behind those fleeting appearances of the weathermen on television. In order to forecast just our British weather for several days ahead, it is necessary to observe and predict developments over the whole of the Northern Hemisphere.

This is done by formulating very large and complex mathematical models of the atmosphere in which the many physical processes that combine and interact to produce the weather are represented by a series of equations. Starting from the observed state of the atmosphere at a particular time, as revealed by the 1½m observations that arrive at Bracknell each day, the equations are solved in the computer to produce forecasts for the Northern Hemisphere for up to six days ahead.

Trevor Humphries

Sir John Mason at the Meteorological Office in Bracknell, Hertfordshire.

The present model forecasts the wind, temperature, pressure and humidity at 10 levels between the ground and about 35,000 feet and at some 10,000 points at each level. A 24-hour forecast which also predicts how much rain or snow will reach the ground requires the computer to perform some 10bn arithmetical operations in a few minutes. A fine-mesh model is used to produce more detailed forecasts, especially of rainfall at 100km intervals over Europe for up to 36 hours ahead.

These models, in operation for the last eight years, have enabled us to extend the range of reliable forecasts from one day to three or four days ahead and to give useful guidance for one week ahead. About 85 per cent of the 24-hour general weather forecasts, now more detailed than 10 years ago, are essentially correct and the number of real howlers has been reduced to about 7 per cent. However one can hardly deny that there is room for further improvement in both accuracy and range and so the Met Office is developing a new generation of forecasting models which will come into operation early next year.

This has been made possible by the recent installation at Bracknell of the first of a new generation of super computers, the CYBER 205 built by the Control Data Corporation of America. This machine, which is able to perform a staggering 400m arithmetical operations per second, is at least five times faster than any other existing computer and should ensure that the Met Office keeps in the forefront of weather and climate modelling.

The new "coarse mesh" model will cover most of the globe and will forecast for 15 instead of 10 levels. This will enable us to provide forecasts and flight-planning data for all airlines operating all over the world. The new "fine-mesh" model will also have 15 levels and will predict rainfall and other elements at points at only 50 km instead of 100 km apart. It will now cover the whole of

About 85 per cent of the forecasts are correct: 7 per cent are real howlers

the North Atlantic and the east coast of North America with the object of providing more accurate forecasts for transatlantic flights, especially for winds around the strong jet-streams that strongly affect fuel consumption. Both models will involve 10 times as many calculations as the present ones but will take only a few minutes on the new computer.

A most important innovation will be that the new models, instead of starting afresh from a new data set every six or 12 hours, will run continuously so making it much easier to assimilate observations from satellites, ships and aircraft which do not conform to a fixed-time schedule.

The new models, with their greater coverage and resolution, can be expected to produce significantly better forecasts for one day to one week ahead but much will depend on their being fed with adequate observations. Here we must rely largely on satellites and automatic weather stations because conventional observations have seriously deteriorated in recent years from many parts of the world.

Improved forecasts will be of considerable value to farmers in planning their harvesting, haymaking, sowing, crop-spraying and irrigation. Gas and Electricity Boards will be able to make more accurate estimates of demand. Local authorities will get better warnings for road-gritting, snow clearance and flooding. More confident forecasts of several days of quiet weather will help in the towing and erection of oil rigs and platforms. Longer-range forecasts are also required for ship routeing and many construction projects.

The general public would surely appreciate more accurate and detailed forecasts of local weather if only for 12 hours ahead. Unfortunately computer models have contributed little here because local weather is often dominated by local topography and by disturbances too small to be adequately observed and incorporated in our rather coarse-grained models.

The Met Office is therefore pioneering a new class of very fine-scale models on a 10 km grid to provide detailed short-period forecasts for the British Isles. Again the computing requirements are formidable but, with the new computer, we hope to have these in operation within four or five years. However, these will be of little use unless they can be disseminated rapidly to the user and here we must look to new systems such as Prestel which already carries some 800 pages of weather information.

Besides predicting the day-to-day changes of weather, etc. the new computer will be used to model the slower and longer-term changes of climate with the object of understanding and later predicting such changes, whether natural or man-made.

Scientists in the Met Office and at two or three laboratories in the U.S. have been remarkably successful in simulating the present world climate, in particular the presently observed global patterns of surface pressure, wind, temperature, rainfall and other seasonal changes. In the Met Office we have models similar to, but even more complex than, those used for weather forecasting, to study the climatic effects of increasing the sun's radiation, melting the polar ice, warming a part of the ocean, changing the reflectivity of the earth's surface and making the Sahara wet instead of dry — all with the object of testing the sensitivity of climate to possible natural changes.

The most serious medium-term threat to the climate comes from the continual rise in atmospheric carbon dioxide from the burning of fossil fuels. We are about to publish the most comprehensive investigation into the likely effects of doubling the present level of carbon dioxide which is expected to occur in about 50 years from now.

The model predicts that this will cause a global warming of 2 to 3 degrees Centigrade on average, but with larger rises of 8 to 10 degrees in the polar regions which could cause a gradual melting of the ice.

However, these results must be regarded as indicative rather than definite at this stage because the models do not yet properly take account of the long-term effects of the oceans and ice sheets on the atmosphere. This calls for even more complex models run for much longer periods. Again this will be possible with our new computer which will be able to simulate the global climate over a whole year in only 12 hours and make it possible to anticipate changes that may occur over decades, perhaps centuries.

At least we shall be able to distinguish between possible changes and the more fanciful speculations that are best regarded as science fiction.

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.

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Tuesday 16th February
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INTERIM REPORT

for the six months ended September 30 1981

The following are the unaudited financial results of the Corporation and its subsidiaries for the six months ended September 30 1981 together with figures for the six months ended September 30 1980 and the year ended March 31 1981.

	Six months ended 30.9.81 R millions	Six months ended 30.9.80 R millions	Year ended 31.3.81 R millions
Group profit before taxation	334.0	291.6	612.3
Taxation	45.4	12.6	26.2
Group profit after taxation	288.6	279.0	586.1
Outside shareholders' interest	50.9	16.2	54.6
Preferred stock and preference dividends	2.2	2.2	4.5
	53.1	18.4	59.1
Profit before share of retained profits of associated companies	235.5	260.6	527.0
Share of retained profits of associated companies	151.9	157.6	339.0
Profit attributable to ordinary shareholders	387.4	418.2	866.0
Ordinary dividends	79.0	79.0	248.3
	308.4	339.2	617.7
Number of ordinary shares in issue at end of period	225 855 761	225 642 844	225 742 998
Earnings per share—cents			
Excluding share of retained profits of associates	104.3	115.5	233.4
Including share of retained profits of associates	171.5	185.3	383.6
Dividends per share—cents			
Interim	35.0	35.0	35.0
Final			75.0

Notes:

1. For comparative purposes, the results for the six months to September 30 1980 have been restated on an equity accounting basis.
2. Further issues of shares between September 30 1981 and November 26 1981 being the date of declaration of interim ordinary dividend No. 91 resulted in a total of 225 866 473 shares qualifying for payment of the dividend.
3. It should not be assumed that the results for the year ending March 31 1982 will necessarily be proportionate to the results for the first half of the year for the following reasons:
   (a) Investment income and share of retained profits of associated companies do not accrue evenly throughout the year.
   (b) The realisation of investments fluctuates in accordance with policy decisions and market conditions.
   (c) Certain costs, particularly those incurred on prospecting, vary materially from period to period.
   (d) No provisions for the depreciation of investments and against loans have been included in the results to September 30 as they are considered only at each financial year-end
4. Particulars of the Group's listed general investments and interests in associated companies are as follows:

	At 30.9.81 R millions	At 30.9.80 R millions	At 31.3.81 R millions
General investments			
Market value	1 374.3	1 899.3	1 270.2
Book cost	198.2	384.7	195.4
	1 176.1	1 514.6	1 074.8
Associated companies			
Market value	4 538.3	6 117.0	4 704.9
Carrying value	1 721.3	656.3	1 500.1
	2 837.0	5 460.7	3 204.8
Appreciation	4 013.1	6 975.3	4 279.6
Outside shareholders' interest therein	382.6	582.1	416.8
	3 630.5	6 393.2	3 862.8

For and on behalf of the board
H. F. OPPENHEIMER, G. W. H. RELLY — Directors

DIVIDEND No. 91 ON THE ORDINARY SHARES

An interim dividend (No. 91) of 35.0 cents per share (1980: 35 cents) in respect of the year ending March 31 1982 has been declared payable on January 22 1982 to ordinary shareholders registered in the books of the Corporation at the close of business on December 18 1981 and to persons presenting coupon No. 96 detached from share warrants to bearer. A notice regarding payment of this dividend to holders of share warrants to bearer will be published in the Press by the London Secretary on or about December 11 1981.

The ordinary share transfer registers and the ordinary section of the register of members will be closed from December 21 to December 31 1981, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on or about January 21 1982. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on December 21 1981 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before December 18 1981.

The effective rate of non-resident shareholders' tax is 12.3839 per cent.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated P.L.C., Charter House, Park Street, Ashford, Kent TN24 8EQ.

By order of the board
J. T. GOLDFINCH
Managing Secretary

Head Office:
44 Main Street
Johannesburg 2001
November 27 1981

London Office:
40 Holborn Viaduct
London EC1P 1AJ

FINANCIAL TIMES SURVEY

Friday November 27 1981

West of London Property

Industrial contraction has left large areas of vacant space in its wake, but the property market west of London remains basically sound. If it has no further to fall, then its resilience bodes well for the longer-term future.

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ichael Cassell

ʔ not prove to be the ıccurate of economic rs, but the length of of cocktail parties now id on to tempt potential ; into taking floorspace ıggest that all is not the property market to t of London.

d customers for a wide of commercial develop- ı the strip of Britain runs from London's edge as far as the Channel has not, until , represented too much oblem for the ranks of ɔperating in the region. ttractions of the area,— y nicknamed "Silicon the "Golden Triangle" te accurately and cer- more traditionally, the Valley — have become ıgly apparent to in- in property and to ts alike. In many cases, blem until now has been of creating sufficient to meet demand rather than having to woo the customers.

But if most of the remainder of the country appears to be down and out with a bad bout of pneumonia, the west of London property market is now at least snuffling uncomfortably.

Without question, demand for accommodation in several centres has eased off as industry has contracted, leaving large areas of redundant space behind it, or merely shelved expansion plans which would have provided the basis for the next surge in rental growth and development.

In some towns a long-standing shortage of prime space is about to be replaced with a surplus and the prospects for any significant upturn in rentals appear slim.

By comparison with several other regional property markets, however, the position remains fundamentally sound and if the present slackness represents the full extent of any setback which may occur, then the west of London property scene will have admirably demonstrated the type of deep-seated strength which promises to ensure its longer-term health.

Property is a long-term business and it is not, therefore surprising that, despite the immediate outlook, the commitment on the part of the institutions to investing in the region remains high and, for the most part, unshakable.

The region, quite simply, has a great deal going for it and it is only surprising that its undeniable attractions have taken so long to be recognised.

Those attractions are numerous and have become steadily more appealing as the relative disadvantages of other traditional commercial centres have grown. It is by now hardly worth elaborating on the region's excellent communication network; suffice is to say that with Heathrow airport at its heart and the motorway and rail system providing the vital arterial links, towns like Slough, Maidenhead, Windsor and Reading are being joined by centres further afield such as Newbury, Swindon and Bristol in establishing a well-defined and increasingly cohesive economic entity.

The influx of people and businesses into the region is proving to be both a domestic and an international affair. On the domestic front, the escalating bill for overheads has led many businesses to reappraise their traditional approach to location and to realise that the old arguments for being based in around the edge of London no longer necessarily apply for many of them.

Heavy rates

The tide of relocation away from London is even now being swelled by the increasingly heavy rate demands being made of centrally located businesses, demands which in some boroughs mean that a company can expect to pay a sum equal to 80 per cent of any rent bill in rates alone.

It is on the same basis that the international, high-technology industries are also beating their way to locations along the Thames Valley. The establishment of a UK operation for computer and electronic specialists, drawn largely from the United States, provides them with an all-important foot in the European marketplace and, to the west of London, they can establish the type of operational conditions to which they become acustomed at home.

Names already well established like IBM, Burroughs and Xerox are now being quickly joined by a fresh generation of second-rank, high-technology operators whose presence has become an instrumental factor in supporting the local property market.

What makes their arrival particularly exciting in property terms is the potential which these companies, together with their UK competitors, have for expansion. Until recently, most of the overseas high-technology businesses have confined their activities to the establishment of a sales and promotion spearhead, invariably followed by limited distribution facilities.

Now, however, the next phase of growth is underway and manufacturing operations are being established. The overseas arrivals are also bringing with them some very high expectations in terms of environmental/accommodation standards and the developer wishing to take advantage of their growing interest in the UK is having to adopt a fresh and more innovative approach to his own business.

Heathrow premium

All this interest from international tenants has of course been reflected in the rents and capital values prevailing throughout the region. The going rate for good space for 30 miles to the west of London is around £10 a square foot, with a clear premium of anything from £1 to £3 for accommodation close to Heathrow. At the far end of the western corridor, rents in Bristol have reached £6.50 a square foot and scope for further short-term growth is strictly limited because of the large supply of space in the pipeline.

Several of the centres along the Thames Valley no longer represent the commercial bargains they once were, and the tenant can now, or soon, expect to pay rent of £13 a square foot or more for prime office space in places like Reading, Windsor, Maidenhead, Hammersmith or Staines.

In many towns, the big uplift in rentals has been caused by a continuing and severe shortage of space and, beyond the boundaries of the Greater London Council, only one or two locations like Reading have allowed development to proceed without too much fuss.

Any concerted and successful effort on the part of the GLC to restrict further office development within its area can only heighten pressures for new development in those few centres close by which have not already introduced strict planning regimes.

For the time being, however, the emphasis is likely to be on finding customers rather than securing planning permissions. In centres like Hammersmith, where the proliferation of office space has become a source of continuing local controversy large volumes of space are becoming readily available as occupiers vacate and new schemes take shape.

According to Mr Greg Cooke of Weatherall Green and Smith, the agents: "There is no question that the property market along the M4 is reflecting the wider economic situation and that the outlook for the next six months does not look particularly good.

Change possible

"Older properties will feel the pinch most and I would be surprised if we saw key money changing hands over the next few months in the same way as it has done until recently. Until now, demand for smaller space has remained buoyant and there has not been much readily available. That situation could now change.

"Next year should see demand remaining on a plateau but there will be no panic slashing of rents. The enthusiasm of the institutions, geared to a much longer-term approach, is not likely to weaken."

Mr Michael Dow of Jones Lang Wootton says the rental performance of the west of London property market during the present recession has continued to cause some surprise but he does not believe any significant deterioration in the market's state of health is around the corner.

"Some continuing rental growth can be expected in some centres, although the supply of space is now reasonably buoyant. The list of factors favouring the region is long enough and impressive enough to ensure that the impact of the recession is fairly muted.'

"One of the greatest problems will be the provision of the type of facility which high-technology businesses require but which outdated attitudes, on the part of planners and some institutions, have managed to restrict."

The longer-term future of the Thames Valley property markets can be in little doubt and the eventual completion of the all-important M25 London orbital route will provide further impetus to the region's progress. There may, however, be a temporary interval in a success story which is only now beginning to take shape.

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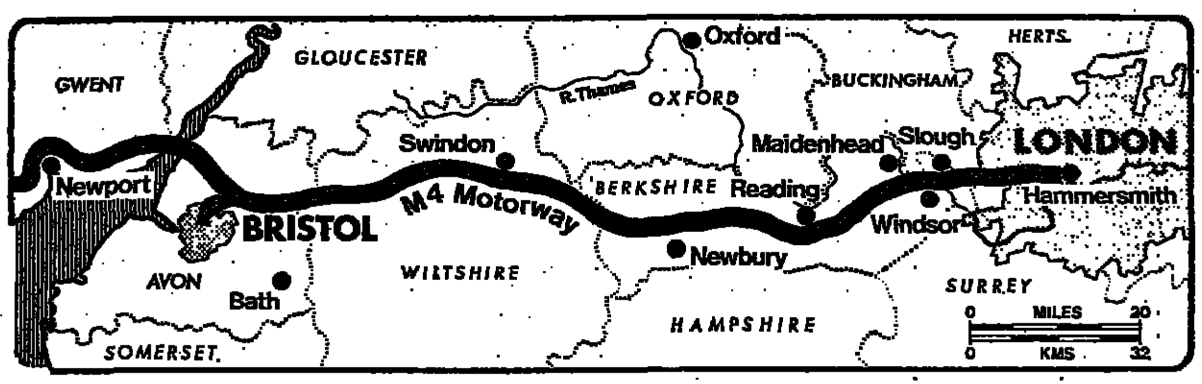
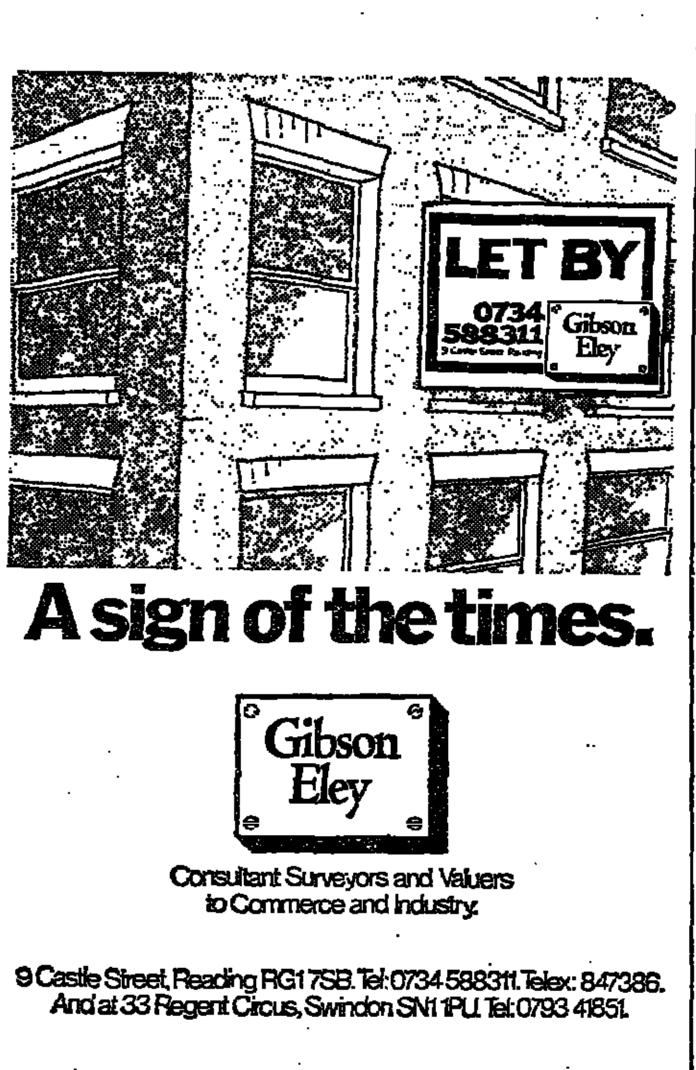
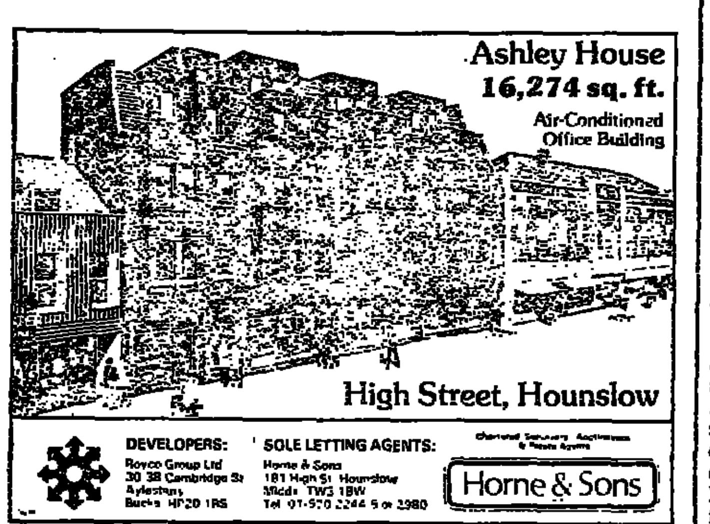






Falling demand far short of a disaster

WHEN INDUSTRIAL and *warehousing space within a* runway's length of Heathrow Airport proves hard to let, there can be no disputing the fact that the recession has finally begun to make its mark on one of the country's most resilient property markets.

The space in question may indeed be suffering from disadvantages—age or poor local *access—which detract from its* marketability, but such is the state of the present commercial property market that it could sit idle and unwanted for some time.

This is no disaster story, *however.* The industrial and warehousing market to the west of London, which takes Heathrow as its centre and stretches from the edge of the capital through places like Slough, Reading and Swindon, can still claim a buoyancy which seems to have deserted other regional markets.

In some centres along the so-*called "western corridor,"* demand for space has undoubtedly declined and rental growth has flattened out or even gone into reverse. Inquiries for medium to large-size units have generally *trailed off and some locations* now suffer from an oversupply of accommodation.

Rents currently range from around £2.50-£3.00 for second-hand space to over £4.00 for well-located, new accommoda-*tion.* In some deals involving small units, the £5.00 mark has been reached.

New states offering the type of modern space increasingly demanded by tenants are continuing to attract customers and small units in particular have invariably been letting well.

There has certainly been no *shortage of "starter" units to* choose from. No doubt encouraged by the ready availability of 100 per cent tax allowances, investors have been keen to develop—often in consortium—schemes offering units *of up to 2,500 sq ft and several* of the centres to the west of London have emerged as favourite locations.

There are fears, however, that investors have merely responded to the favourable tax incentives and may in some *cases have lost sight of the* marketplace which will be expected to provide the occupiers for such newly-created space. The major consolation would appear to be that the Thames Valley should, above all other regions, be better placed to absorb such a substantial increase in this type of accommodation.

One problem which may stand in the way involves the user restrictions attached to such developments. Under Industrial Building Allowances rules, the occupier must be involved in, or closely allied to, manufacturing activity rather than in the service sector. As a result, some agents cite long lists of potential tenants who *are being turned away from* available space because their tenancy would disqualify the investor from tax relief.

If the lettings market appears generally uninspiring, the level of interest and activity *on the investment front* would seem to provide adequate compensation.

Conviction

Despite the short-term problems, there appears to be no uncertainty concerning longer-term prospects for the region in the minds of those institutions *whose investment funds* now make the pace in the property market.

There is a deep-seated conviction among the funds that the factors which have already combined to establish prime investment status for several principal locations to the west of London can only magnify in the medium to *long term and* that investment within the region offers one of the best *chances* for future growth and strength.

The theory clearly extends to the industrial market as well as to offices and it is becoming apparent that a fresh approach to the provision of commercial *accommodation* is being adopted in order to meet the requirements of the new generation of businesses which are establishing themselves in the region.

High-technology industry has arrived in a big way and it is no exaggeration to suggest that the region has already established itself as the undisputed centre within the UK for *domestic and international* businesses engaged in the computer, electronics and automation sectors, as well as in the associated service industries.

Michael Cassell looks at the recession's impact *on the industrial sector and explains that the* "western corridor" is healthier than other regional markets.

There is nothing small, either, about the scale of pro*posed institutional investment* in accommodation for high-technology industry and plans for campus-style projects, offering a blend of office, manufacturing and warehousing space in pleasant surroundings are now multiplying rapidly.

Perhaps one of the most ambitious schemes is at the ex*treme end of* the western corridor, close to Bristol. Electricity Supply Nominees is behind an adventurous plan to establish a 2m sq ft commercial and industrial park eight miles north of Bristol, on lines simi*lar to those adopted in the U.S.*

The development is being hailed as one of Europe's most *advanced* industrial and office developments and is being designed to accommodate expanding businesses looking for modern accommodation, top-quality staff and excellent communications.

With the help of considerable research in the U.S., the ESN scheme will offer low-density layout, the ability for occupiers to expand on site as their businesses grow, with the sort of local working environment which is not normally associated with industrial estates in the UK.

Negotiations for long leasehold sites and 25-year lease tenancies are now well underway and it is expected that the phased development will finally *offer 1.5m sq ft of research and* development, manufacturing and warehousing space, as well as 500,000 sq ft of low rise office accommodation.

In addition to the sale of long leasehold managed sites, market*ing has also started on the first* phase of 180,000 sq ft of advanced industrial units, now almost complete. Rents at £2.75 a sq ft are being achieved for 25-year leases.

The park, adjacent to the M5 and within one mile of the M4-M5 interchange, will provide accommodation for a blend of *tenants* and owner occupiers and letting agents Richard Ellis and Lalonde Brothers and Parham—encouraged by the decision of Hewlett-Packard, the U.S. computer group, to locate a plant on a 165-acre site just *1½ miles away—have already* signed up Digital Equipment—another U.S. computer specialist *—for a 60,000 sq ft office scheme.* Rents in excess of £6 have been agreed.

The Aztec West scheme is an adventurous move on the part of ESN and goes some way to disprove the theory that the *institutional investor is never* prepared to innovate. The Fund believes it has identified and analysed industry's growing dissatisfaction with more traditional industrial estates and has gone on to provide a new solution on a *greenfield site* which may well have good communications—one hour from Heathrow—but which is tantamount to new territory for industrial complexes on this scale.

The ability to attract skilled staff will be of paramount importance to the businesses which locate at Aztec West—between 5,000 and *10,000 people* will eventually work there—and the developers are paying painstaking attention to environmental standards which until now have been fairly rare within the UK.

Closer to London, Wimpey Property Holdings' Winnersh Triangle industrial park just outside Reading is now commanding a great deal of attention. The complex provides yet another example of the de*velopers' desire to maintain an* overall approach to the project, rather than to respond on a piecemeal basis and, again, the emphasis is very much on establishing a good working environment. Like Aztec West, a *blend of office and industrial* space will be provided in landscaped surroundings and as many as 5,000 jobs could eventually be based on the 120-acre site.

Legal and General is pro*viding £28m for the first phase* of what could be a £100m scheme, offering 1.7m sq ft of industrial, warehousing and office space. Fletcher King and Weatherall Green and Smith have already let over 10,000 sq ft to Hewlett Packard for a customer support facility and they recently announced that *Modular Computer Services of* Florida is taking nearly 100,000 sq ft, which will become the focal point for its European operations. A rental of £4 a sq ft has been agreed for the space, which will provide offices, computer assembly facilities and warehousing.

First of its type

On a much smaller scale, but in a move which is no less indicative of the trends currently fashioning the developers' approach to industrial developments along "silicon valley," Markham Developments has just started construction of a £3m high-technology scheme in the centre of Maidenhead. The 37,000 sq ft development has been designed to provide a mix of ultra-modern office space and laboratory-style *industrial accommodation and* it is being described as the first speculative facility of its type to be developed in the UK.

A pension fund is putting up the finance and Jones Lang Wootton says that although the property is likely to be let before completion—due in late 1982—it was decided to build speculatively as a clear demonstration of institutional confidence in the new breed of high-technology facilities which are *rapidly breaking down the* traditional definitions of building classifications so prevalent in the UK. The writing seems to be on the wall.

Communications keep prices buoyant

EVEN THOUGH the construction industry—and the road-building sector in particular—have all too often been used by successive governments as an economic regulator, there are *few major conurbations in the* UK where office users, or potential users, can honestly say that they would be out of communications distance with head office or customers through motorway network.

But nowhere is the communications network tighter or more convenient than the triangle *which is formed by the west of* London commercial property market. Should, to make a random choice, a North London representative wish to visit Marlowe in Buckinghamshire, he has the option of taking the M40 out of London and cutting south after about 35 miles and rounding his trip after the crucial meeting by cutting further south and coming back into the capital on the M4, by-passing Slough.

The triangle, or corridor, is well served by motorways at its apex and, even at its widest *angles, the principal arteries* provide good communications.

The Hammersmith - Bristol axis, then, is still proving a ready magnet for commercial tenants and, in virtually every centre where open market con*ditions are allowed to prevail,* the level of demand has been reflected in the rise in rental values. It is becoming clear that the triangle has come to command rents on a par with the suburban London market.

In the best Thames Valley locations, agents now confirm that rents of £13 a sq ft and more are being achieved in favoured towns such as Windsor and Maidenhead which, according to Weatheralls, assumes an uplift of some £2 a sq ft on the year.

Rents of £13 a sq ft are being achieved for office sites in the best locations. Ray Maughan reports.

No centre

The commercial property market is thus showing some immunity to the overall economic calamities and large international companies are still coming into the triangle.

It is important to remember that the potential investor, developer or occupier is not looking at an homogenous property market where the triangle overlaps with the Home Counties. There is no principal city to dic*tate office usage in the way that* Manchester, to take an example, must set the tone for the North West. Maidenhead, Slough, Reading, Basingstoke and the others all stand independently of the others and are all, to a greater or lesser degree receptive to the supply/demand equation.

Prime rents in Reading now look to be safely established in the £12-£13 range but an incipient overhang does seem to have developed. The town has, quite rightly, been a principal recipient of the office relocation trend, not least among blue *chip indigenous companies and* the big representative offices of the multi-nationals.

There are, local agents report, reasonable grounds for saying that some of the big developments due to come on stream shortly will attract more relocators. But for how much longer can demand meet sup*ply? And if it does, in the light* of the existing infrastructure, can the town accommodate its *newcomers.*

That is a problem which only some of the speculative developers of Reading's smaller sites will be asked to solve. There are, all the same, significant number of schemes about to be started and a continuation of recent rental growth rates may well be taking the more *optimistic view of Reading's* prospects.

Windsor has operated strict planning controls and the result, quite naturally, has been a shortage of top quality premises. Rents may then be *said to be setting the trend for* the triangle as a whole and there are now signs that talk last year of rents reaching £14 a sq ft are coming into reality.

Office development has, however, been restricted where the *Home Counties about the* Greater London Council boundary. Local user restrictions have been imposed in the Berkshire Structure Plan—as in the Surrey and Hertfordshire Plans—on the limited number of office schemes which have been approved.

As agents Weatheralls commented recently, the result is a shortage of new schemes particularly in East Berkshire (and Surrey) where demand for office accommodation close to Heathrow and the motorway network remains strong, resulting in high rental levels.

The agents contrast this restrictive policy with the stimulus given to office develop*ment schemes within the* Greater London Development Plan. These take in Harrow, Hammersmith (the apex of the triangle) Ealing, Kingston and Croydon, where growth is expected to be concentrated.

In virtually every one of these centres, the agents comment, an abundance of commercial development has *emerged.*

Is there a paradox here? Are developers within the GLC area faced with a glut of space and perhaps a weak rental market within the council's domain because of its preferred com*mercial bias and are those* schemes on the GLC fringes set to encounter a shortage just because the local structure plans are imposing restrictions?

The agents make the following assumption: "There is the possibility that there will be an over-supply of accommodation in the inner suburbs and a consequence may be differential *level of rents between the more* popular locations outside the GLC boundary and these inner areas."

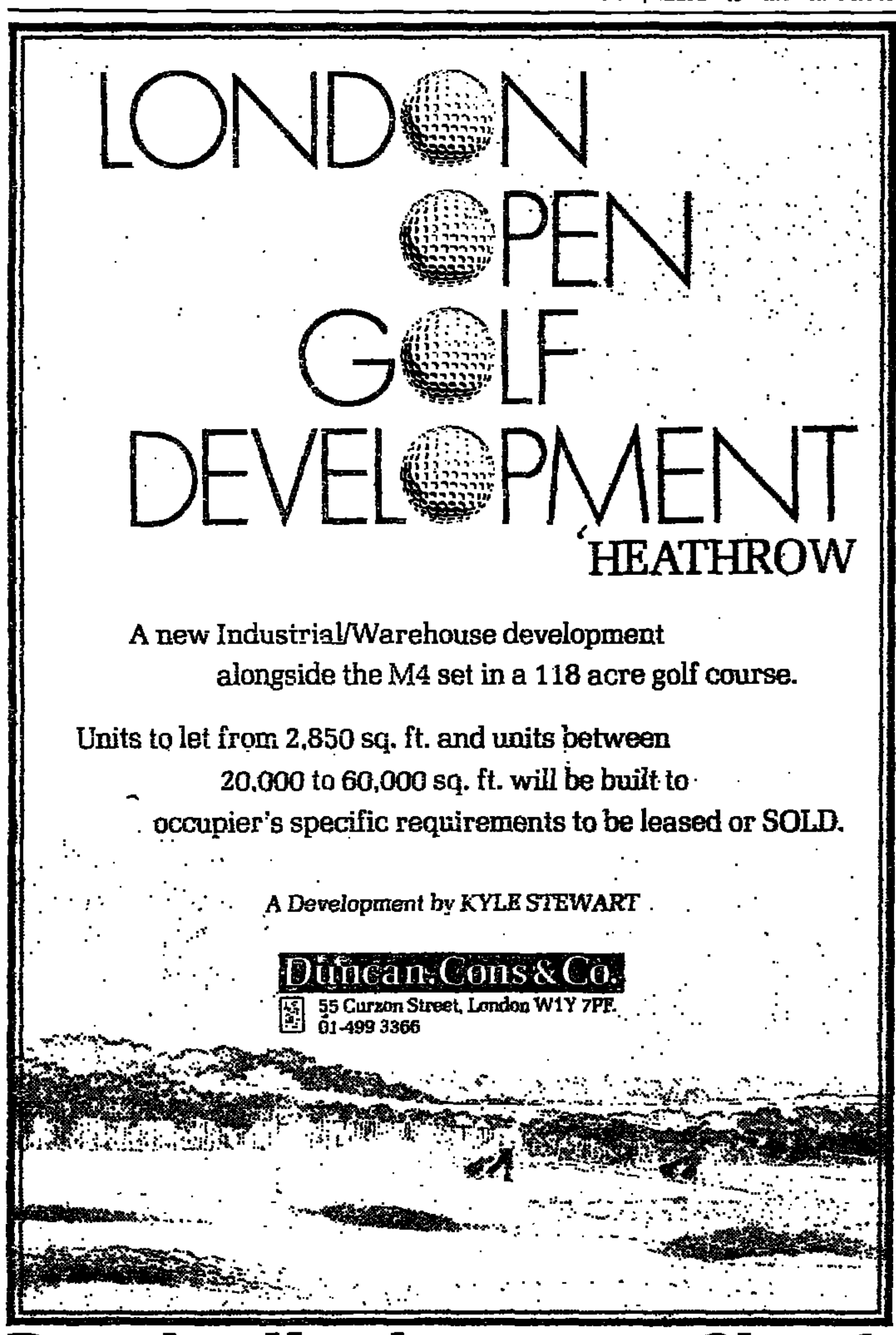
No differential appears to have established itself yet, but the inference of the rental trends in the favoured towns in the Thames Valley is that London's suburbs have already *been caught by rents in the* west of London triangle and may be about to be overtaken.

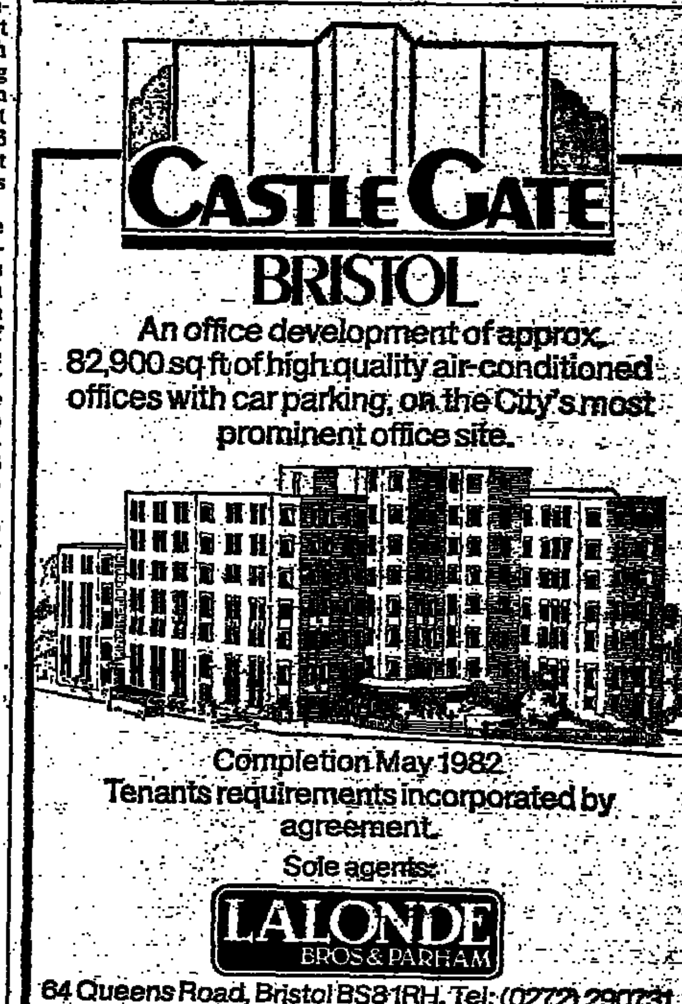
At the other end of the corridor, Bristol has been an active office market this last year. The Standard Life Assurance's Broad Quay scheme seems to be setting the pace. Again, it is worth remember*ing that one good letting on a* really prime scheme does not necessarily raise rents throughout one town or city, but it appears that Bristol rents are on the move, with demand showing no sign of abating, with a norm for prime space of £4 a sq ft last year giving to perhaps £6 a sq ft if the £6.50 letting at Broad Quay can be taken as some sort of guide.

Rentals achieved in the Queen Square area seem to confirm this new level. Agents confirm that anything between £5 and £6.50 is well within *bounds, although the supply of* unlet space does seem to be increasing. Several major new schemes appear to be on the starting block in response to real rental growth and attractive yields, falling to between 5 and 6 per cent for attractive proposals.

About six months ago, the Broad Quay scheme was being scrutinised as the probable pace-setter for the Bristol market. A good result here has now shifted attention to the 70,000 sq ft Castlemead site which is now attracting considerable interest. On the edges of the Broadmead shopping centre and conveniently placed, as is so much of the city, to a motorway, the auguries are favourable.

But then, with very few exceptions, the west of London triangle as a whole is proving contra-cyclical and the problem for developers is to find suitable sites within an area in which few if any towns dictate the pattern and where planning attitudes may vary widely.





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IN Mr Wallace Mackenzie, managing director of Slough Estates, Suttons Industrial Park, near Reading (right), has a strong supporter.

"I would argue," he says, "that it is going to be the best industrial estate in this country."

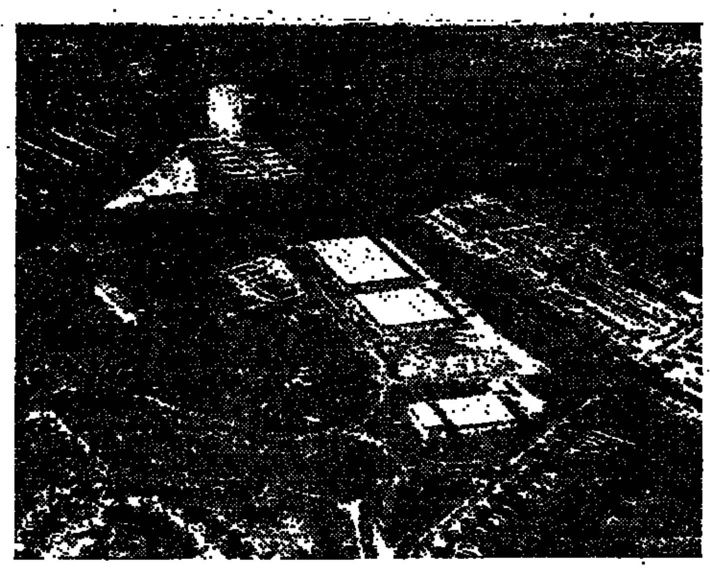
The Suttons Park site is 60 acres but with "easement" for the motorway, amounting to eight acres, it somes down to 52. So far Slough Estates has developed 26 acres, building about 20,000 sq ft to the acre. This is less than a 50:50 plot ratio but, Mr Mackenzie says, "nowadays the planners will not let you go much above that."

Be that as it may, it gives Suttons more air than in Readinfg itself, where land is tight. So Slough Estates has the space for design, landscaping and layout which, says Mr Mackenzie, it will consolidate with a high standard of maintenance.

On the patterns of development, Mr Mackenzie explains: "We finished 140,000 sq ft at Suttons first, and learned it; now we have 525,000 sq ft there completed and leased. We are just about to start," he adds, "on another 100,000 sq ft and we have about 50,000 sq ft vacant at the moment."

Rents at Suttons range upwards to £4.25 a sq ft. When finished, it will comprise about 1m sq ft of industrial warehousing space.

Mr Mackenzie could not be talked into describing Suttons as a "science park." One gets the impression that he feels no need to do so and that the science park concept, to him, is a good piece of marketing for some distant locations.



William Cochrane looks at the market in Reading

TOTAL VOLUME of offices under construction in Reading now is 586,000 sq ft, of which 171,000 sq ft is already pre-let, ie 29.2 per cent of the first figure.

Offices completed and available to let now: New—125,000 sq ft which includes 84,000 sq ft in Shire Hall (Berkshire county council HQ), ie, 67.2 per cent of the first figure. Second-hand accommodation—132,000 sq ft includes 61,500 sq ft of sub-standard accommodation, ie, 46 per cent. Most of the remainder is small, old units, or lacks car parking—25,700 sq ft.

Amount of office accommodation with planning consent but not started as at June 1981—509,000 sq ft of which 345,000 sq ft, ie, 68 per cent, is in a county-MEPC scheme. Of the remaining 164,000 sq ft, 91,000 sq ft comprises four schemes of between 15 and 30,000 sq ft each. All the remainder is small schemes under 5,000 sq ft.

Major schemes under consideration but for which there is no planning consent: Courage site—250,000 sq ft, 100,000 to be occupied by Courage, appeal decision awaited; ABL—150,000 sq ft, all for occupation by ABL; Reading Station development—270,000 sq ft; Alder Valley bus depot — 200,000 sq ft. These four add up to 870,000 sq ft of which 250,000 is pre-let.

Pre-let analysis of the period 1971-80: Speculative office schemes of over 10,000 sq ft built in central Reading in the period 1971-80 totalled 1,542,000 sq ft of which 1,360,000 sq ft, ie, 89.2 per cent, was pre-let on or before physical completion.

Source: Campbell Gordon, estate agents, Reading.

High cost of land makes people look elsewhere

"WE ARE very tight on land," said Mr Peter Gibson, partner of local estate agents Gibson Eley, picking out the core point in a general tour through Reading and its environs.

"Industrial land is very expensive," he says. "We have paid well in excess of £½m an acre in Reading and the price of land is pushing people away—to Newbury, and certainly to Swindon."

People who got into Reading early in the game are now reaping the benefits of their foresight. When Reading Bridge House (all offices) was built in 1964, the initial tenants were paying the equivalent of 80p a square foot. Present rents are about £12 a square foot, but the initial tenants, on first lettings, were offered 21-year leases with no rent reviews.

There seems to be a theme running through development activity along the M4, and Reading is no exception. Whatever the political colour of the local authority, it would seem, those elected and their secretariat have been willing to take advantage of the benefits which expansion, and associated property development provide.

Brian Glass, a senior partner of Goddard and Smith, which has acted for Reading Borough Council over the years, lays out three examples of local authority sponsored schemes in Reading:

- Goddard and Smith first advised the borough council on what is now the Butts shopping centre—a council sponsored precinct developed by Second Covent Garden (since taken over by English Property Corporation, which now holds the long lease from the council).
- G and S was also involved in the redevelopment of the old town hall site close to Reading station. The tender went to Laing; the development was let to GRE. G and S two years ago was thinking of rents in the area of £7.50 a square foot for a net area of some 55,000 sq ft. "Rents," says Mr Glass, "have risen dramatically in Reading in the past couple of years." This site is now making £12 a square foot.
- At one time the Reading authorities restricted office development to about 100,000 sq ft a year. This has now gone by the board. G and S is currently acting in a central development which includes a new Ramada hotel—very important for Reading which "has no hotel in the centre of any high standard whatsoever," says Mr Glass and 80,000 sq ft of offices adjoining the hotel funded by the Civil Aviation Authority superannuation scheme. All in all, this scheme will cost about £13m to develop.

G and S notes that most office schemes in this tight little town are pre-let. It sees no problem arising with the Ramada development.

However, just as in Central London, location seems to count for a lot. At Shinfield, four miles from Reading, Berkshire county council is still trying to let 80,000 sq ft of offices on one floor of a campus site to a single tenant, says Mr Gibson. "They may," he says, "come down"—this in the sense of accepting more than one tenant.

Meanwhile, back in the centre there is a tendency for developers to offer planning gains, not just to get the council on their side but also to improve the worth of their developments.

Heron House, 90,000 sq ft of office and residential space backing on to a relatively untidy river bank, will include about 20 residential units on the riverside in an attempt to improve the quality of the waterfront, says Mr Ian Eley of Gibson Eley.

The nearby Kennett House in Kings Road, a 55,000 sq ft total refurbishment job by Norwich Union, should be easy to let, says Mr Eley. "It does not," he says, "compete with areas like Shinfield."

Lack of space limits progress in Slough

THE CORE of Slough is the company which bears its name, Slough Estates, and the work which the company does in the town, running a massive industrial and trading estate—"seven and one quarter million square feet of space," says managing director Mr Wallace Mackenzie, "with very little vacancy."

The company itself has been spreading its wings, both nationally and internationally but it is still busy in Slough. Mr Mackenzie makes the point that the estate has been going for a long time, which leaves scope for improvement as the demands of the user evolve. "We have taken back some old property where the lease has expired," he says, "either to demolish it or for substantial refurbishment."

By any standards 85,000 sq ft—or, to be exact, the 83,000 sq ft which Slough is currently offering to rent now or which will be ready by the end of this year—still has to look marginal against a gross of 7m plus, and it would seem to indicate a mature, almost ex-development situation.

However, Slough Estates is permanently in Slough—"a constant landlord," says Mr Mackenzie—and it has other things to do on the estate, which give it a better insight than most into the state of our industrial economy.

The amount of space Slough Estates is redeveloping or offering represents a "business as normal" situation says Mr Mackenzie. However, the use of electricity—which, inter alia, the company supplies—is down, employment is down and "for the first time in a long time" business activity has slowed down—"though not nearly by as much as in the rest of the country," he hastens to add.

So Slough Estates is carrying on in the town with a development programme which is limited, perhaps to an extent because of the lack of space available but also because of the way in which the recession is making itself felt.

"We are putting new schemes into the programme," says Mr Mackenzie. "They are mainly small units but there is still very active demand for them."

In offices, claims Mr Mackenzie, "Slough has been, and probably still is, about the hottest market outside London." His relatively cautious estimate of rents is in the range of £11 to £13 in the town centre.

However, the sense of saturation filters through here as well. "There are no significant vacancies in the office field," he says, "and there is not much scope for speculative development."

Meanwhile, Mr Roger Harper of agents Goddard and Smith is happy to take what he can get in a thriving town. "There are one or two new office schemes," he says, offering in evidence the Triangle site, where the council is freeholder. The space is 36,000 sq ft of offices plus a pub and a few shops. This property is let on a long lease to London and Provincial Shop Centres and it fits Mr Harper's definition of a prime location, immediately adjoining the central library and Slough's High Street.

Meanwhile, Mr Lionel Prodgers, a partner of Mr Harper, reckons that the next letting in Slough could make a new high—"£12 to £14, better than Reading," he says.

Mr Harper comments on the inelasticity of the Slough office market. "There is less than 100,000 sq ft available and upcoming," he says. "It is extremely difficult to get permission for offices in Slough."

Shopping, on the other hand, has a little more leeway, Mr Mackenzie notes that there is a new, 70,000 sq ft shopping scheme in the High Street which is to be developed by the freeholders, the Royal Arsensal Co-operative Society. "So there is still some activity," he says, "and some new developments coming up."

William Cochrane

COMPANIES looking for an up-market office site in the Thames Valley, close to Heathrow and the M4, might cast an eye over Upton House in Sussex Place, Slough.

The 19th-century building, set in parkland, on a site of 1½ acres, next to the town centre, and formely a country house, is being reconstructed and extended by Pinstone Holdings, in conjunction with the Fleming Property Unit Trust, to provide approximately 18,000 sq ft of air-conditioned space, the major part of which will be a new two storey structure, together with additional storage facilities of 4,000 sq ft.

Apart from the usual amenities, a swimming pool, hard tennis court and parking for 47 cars will be provided. It should be ready for occupation at the end of next year and the joint letting agents are Lambert Smith and Partners, Weatherall Green and Smith and Chilvers.

WEST OF LONDON PROPERTY IV

William Cochrane examines Hammersmith's progress to international status.

Flyover gives access to city and airport

"IN THE LAST 10 years, Hammersmith has risen from the graveyard of developers, to an international centre as close to central London as you can get," says Mr Michael Harris of Strutt and Parker, consultants to Hammersmith borough council.

This happened, he says, without the knowledge—or at least the involvement—of much of the commercial property market. "The vast majority has been built by or for owner occupiers," he notes: "there has been very little speculative office development."

Strutt and Parker, as consultants to the council, has promoted a lot of the development, details of which are set out in the accompanying table. Mr Harris sees Hammersmith borough as "one of the most forward looking councils with which we have been associated."

By and large, he continues, changes in the council's political colour have made no difference to the development programme. "There have been different shades of view, but the councillors knew what was happening and what they wanted to happen. They also have had very good officers, and a superb chief executive in Tony Allen."

The construction of the Hammersmith flyover in the late 1960s opened up the borough at both ends—west to Heathrow and east to central London—and it became an obvious target for immigrant tenants. "Every tenant in the last few years has been an overseas based company," Mr Harris claims.

The council, he says, has completed developments of some 4m sq ft in the past 10 years and this in a very tight area—a corridor basically north of the flyover, half a mile wide by a quarter of a mile deep.

Still to come in the development programme is the Bradero site—"undoubtedly the best remaining office site west of central London," says Mr Harris. Known as the central area site, this development will produce 600,000 sq ft of self-contained office space in the heart of Hammersmith, on top of the second largest station on the London Underground system, which serves four lines.

Shopping centre

The 100,000 sq ft plus Queens House office "spec" at the extreme east of the development site, funded by Midland Bank is under construction. The institutions have finally been allowed to get into the action in some strength.

On the retail side, St. Martins funded a new shopping centre (on the eastern boundary of the development zone) in the early 1970s. This has been so successful, says Mr Harris, that Marks and Spencer—which had been thinking of closing in Hammersmith—has built a brand new store instead, as have Littlewoods and Boots.

Sir William Halcrow's 225,000 sq ft head office, meanwhile, has been funded by Norwich Union; Trust House Forte's 150,000 sq ft head office by the Universities Superannuation Schemes and there is a little masterpiece coming up in the shape of Queen Caroline House, just south of the flyover.

The latter story starts in the mid-19th century, when St. Paul's Church was built to serve a population of 110,000. The resident population now is only a tenth of what it once was. The problem is to serve that population and maintain the church with relatively little revenue.

So Queen Caroline House is to be built on the 0.33 acre site of St. Paul's Church Hall. It has been designed to provide approximately 23,750 sq ft of offices together with car parking. Revenues from this Speyhawk development, says Mr Harris, "should keep the church going in perpetuity."

Rents in Hammersmith have risen very quickly, he says, from £3 a sq ft in the late 1960s to something approaching £15 now. "For the size of space available," he says, "in central London you would have to go to Victoria Street and pay £20—for the moment."

On top of the 4m sq ft of office development already completed, according to Mr Harris, there is another 700,000 sq ft of prime space to come plus odd lots—200,000 sq ft in total—and the J. Lyons proposed 280,000 sq ft at Cadby Hall, which is "off-centre."

"That will be it," says Mr Harris. "All told, there will be a substantial centre in Hammersmith with some 6m sq ft of office space, which must approach the importance of Croydon in terms of size."

Well placed

But Hammersmith, he says in a thoroughly relaxed way, "is much closer to what makes this country hum—Heathrow Airport—and to central London, which makes the country go round."

Mr Simon Sokel of Grant and Partners is heavily involved in Hammersmith industrial property. Grants, he says, was instructed jointly with Weatherall Green and Smith as letting agents for the White City industrial park at Ward Lane, opposite the BBC. The park comprises 300,000 sq ft of industrial space in units from 2,500 sq ft upwards, with 34 units in total.

It is "up and ready," says Mr Sokel. Tenants already include names like Alpine Sports, Lucas Industries and Hewlett Packard and rents are very high—from £4.25 a sq ft up to £5, he maintains.

Mr Sokel offers in rental evidence a smaller, but pricier scheme. Trafalgar House's Goldhawk industrial estate at Brackenbury Road is a small units scheme with 11 units totalling 25,000 sq ft. The scheme will be ready in the new year but Mr Sokel has already agreed terms with his first tenant—at £5.20 per sq ft.

So far, we have heard nothing about the recession in Hammersmith. But Mr Sokel is aware of it, and confident of the borough's ability to transcend the prevailing gloom.

"Even in bad times," he says, "Hammersmith is standing up."

COMPLETION DATES OF HAMMERSMITH OFFICE BLOCKS

	'000 sq ft	Completion date	Status
St Martins Phase II	70	1981	To be let
St Martins House	100	Completed	Let
Glenthorne House/Glacier House (Bechtels)	80	Completed	Let
Markheath Securities	15	Completed	To be let
1-5 King Street (Borough of Hammersmith)	30	Completed	Pre-let
BOC headquarters	200	Completed	Occupied
Central Area Site	600	1984 (or later)	To be let
Bechtel Phase I	150	Completed	Let
Bechtel Extension	225	1981	Pre-let
Cunard headquarters	150	Completed	Pre-let
Sir Wm Halcrow and Ptnrs	225	1981	Pre-let
Queens House	108	1982	To be let
Vineyard House (Sir Wm Halcrow and Ptnrs)	60	Completed	Let
Glacier House (J. Lyons)	120	Completed	Let
Wimpey headquarters (existing and extension)	200	Completed	Occupied
Cadby Hall site	220	1984 (or later)	To be let

Source: Strutt and Parker

Bristol benefits from soaring London rents

LAST MONTH the Midlands-based Espley-Tyas property group unveiled plans for a major £15m property development in the centre of Bristol to include 191,000 sq ft of offices and 40 flats. In July, Hewlett-Packard, the international designer and manufacturer of precision electronic equipment, announced its decision to establish a major new facility on the northern outskirts of the city.

These are just the two most spectacular among a number of developments this year which have underlined the relative buoyancy now being enjoyed by Bristol's property market in spite of the worst recession since the 1930s.

Until 10 years ago, demand for office accommodation in the city was almost exclusively regional in character. But with soaring rents in central London and greatly improved road and rail links, which brought the capital within easy commuting distance, Bristol's many attractions as a relocation centre came into their own.

The Phoenix Assurance Company, the insurance division of the National Westminster Bank, and the Clerical, Medical and General Life Society were among a number of companies which chose to move their headquarters from London to Bristol between 1971 and 1975, triggering a major upsurge in office development.

But then there was a halt. For the best part of three years, Bristol found itself with over 1m sq ft of empty office space and no takers. It was not until 1978 that the slack started to be taken up and rents began edging up to levels at which new speculative developments could be contemplated.

According to Bristol-based agents, Hartnell Taylor Cook, the total supply of available office space in the city has increased over the past year from a low point of 342,993 sq ft to 502,128 sq ft currently. The vast majority is represented by new building. Completions in the past 12 months have boosted the quantity of new space available from 257,664 sq ft to 442,453 sq ft.

In addition, a further 356,365 sq ft of speculative space is presently under construction, of which nearly half is accounted for by a 150,000 sq ft development by London Life for its own occupation.

Confident

Indeed, for all the current space either completed or in the pipeline, Bristol property men are confident that there is no danger of the mid-1970s market depression repeating itself. The argument is that up to 10 per cent of total space needs to be free at any one time for a healthy market, and current unlet accommodation in fact amounts to less than 5 per cent. It is also the case that over the past 12 years, the take up of space in Bristol has averaged between 250,000 sq ft and 300,000 sq ft a year.

What is more, the prevailing national economic climate has not prevented a sharp rise taking place in the rental level for prestigious new accommodation. Both Broad Quay House, a high quality 77,000 sq ft development, funded by Standard Life Assurance, and Castlemead, a 17 storey, 133,000 sq ft office tower by St Martin's Property Corporation, have secured their first tenants (respectively Arthur Andersen and Zurich Insurance) at rents of between £6 and £6.50 a sq ft. Only a year ago rents were generally being quoted at around £4 a sq ft.

Inmos, the government backed, Anglo-American microchip venture, for example, chose city centre office accommodation for its UK research and development headquarters. Hewlett-Packard is taking a 165 acre greenfield site at Wallscourt Farm, to the north of Bristol to build its own campus style premises—125,000 sq ft by mid-1983 and a further 250,000 sq ft by 1986.

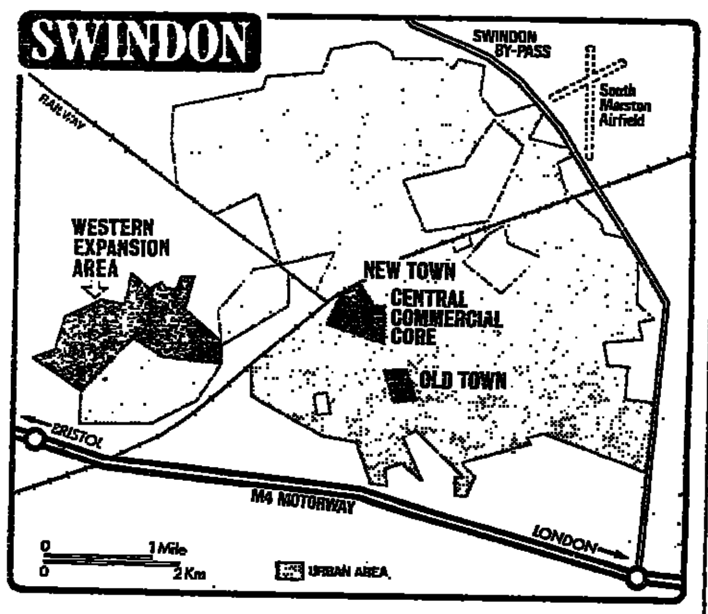
This highly prestigious project will undoubtedly give additional impetus to the development of nearby Aztec West, a 170-acre "high technology park," funded by electricity supply nominees and developed in association with North Avon district council. Some £2m has already been spent on infrastructure and services for the site, which lies within a mile of the M4 and M5 interchange, and the first buildings are under construction.

Over the coming decade, it is planned to develop 1.5m sq ft of industrial and warehouse space and 400,000 sq ft of offices set in a low density campus style environment. It is a measure of the confidence in the success of the venture that an application to build a 100,000 sq ft coldstore has been rejected, though there is objection in principle to more traditional industries, provided they are clean.

The site has already secured one pre-let to Digital Equipment, which is taking a 45,000 sq ft unit, mainly of offices but with some industrial space. Interestingly, a rent of £6 a square foot was achieved for the office accommodation — the same as Bristol's city centre —while the industrial space rent was set at £2.75 a square foot.

Robin Reeves

Underlying growth keeps Swindon moving forward



SWINDON IS a dynamo of a town. It has seen the effects of recession. Unemployment in recent years has risen gently to the national average. But the town's underlying growth, and the sheer quality of its employment intake has lifted average per capita spending power in real terms by 25 per cent in the past three years.

This is the gospel according to Doug Smith, Swindon's industrial adviser and an apparent keystone between the constantly warring, yet evidently symbiotic, forces of local businesses—led by the wide-ranging Bradleys property to building materials group — and the ambitious, Thamesdown borough council.

Mr Smith hammers away at his main theme, producing money for the town to spend—which it does with a will, to the apparent annoyance of Environment Secretary Michael Heseltine. "Three years ago," says Mr Smith, "we took deliberate aim at high-technology employers (pharmaceuticals, for instance, as well as electronics) where the ratio of professionals to labour is frequently 1:1."

INDUSTRIAL WAREHOUSE USE

	'000 sq ft
Total space built approx.)	16,400
Total space on the market	1,200
Of which:	
New speculative development	255
"Limited life"	425
"Modern"	420

The source for these figures, Mr Peter Barefoot of estate agents Gibson Eley, says that of the 255,000 sq ft of new speculative industrial space on the market, 133,000 sq ft is built and 122,000 sq ft is still under construction.

All the new space has yet to be let, and 65 per cent of "modern" (second hand, but competitive with the new space) is available, while 66 per cent of "limited life" premises is free. The options for potential tenants of this space include total refurbishment, or tearing the old building down and starting again from scratch.

Mr Barefoot is keeping an eye on the recession. "It has hit hard here," he says. But Swindon is not letting this interfere with its ambition to be the most important growth town in the south of England.

With its current western expansion providing "in some respects a new mini-town on the edge of Swindon," says Mr Barefoot, the contending council and businessmen have two further, and major expansion plans—to the west, and the north west of the town respectively—up for government approval.

Mr Smith, meanwhile, says that high technology development encourages more professionals, which encourages in turn the building of new offices in the new commercial core of Swindon.

OFFICES: STOCK IN SWINDON NEW TOWN CENTRE

	'000 sq ft
Built and occupied	600
Built and unoccupied	120
In the pipeline (until end-1983)	250
Planning permission exists for	250

The unoccupied space does not worry Mr Smith. "Four years ago," he says, "we had 250,000 sq ft built and empty. The old Swindonians could not believe that it would be taken up; it was."

It takes only simple arithmetic, reckons Mr Smith, to work out that in planning to double its office space in the foreseeable future, Swindon could add another 2,500 office jobs and increase its revenues accordingly.

The new town centre office figures, says Mr Barefoot, exclude a lot. Total office stock in and around the city amounts to 1.54m sq ft, the surrounding balance of over 900,000 sq ft incorporating prestigious campus sites for names like Intel—"eventually producing 400 jobs, nearly 300 of which will be professional" notes Mr Smith—Texaco, Unigate (as St. Ivel) and, overall, a preponderant proportion of international space takers.

So the money comes in, and it is spent, not only by the council but also by consumers with that rising high per capita income. The retail sector benefits accordingly.

SWINDON PROPERTY: RETAIL FUTURES

	'000 sq ft
Town centre	
Retail stock exclusive of Brunel Centre	1,250
Brunel Centre	517
Vacancies: Brunel Centre	nil
Other	80
Western expansion	
West Swindon District Centre (total site 36) acres:	
Retail element (Linfood/Carrefour)	70
Ancillary space	30

Non commercial aspects of the Centre would include a police station, a library, health services and a recreational centre. These depend on Thamesdown which, unfortunately like some other councils, is under pressure from central government over its spending.

Summing up Swindon retailing, the major centres look good and, apparently, perform well. Mr Smith's policy of encouraging high technology rather than straight distribution has obviously been a key factor.

Swindon, as a whole, may be 80 miles from London but Mr Smith is going after central London employers with 100 staff or more, selling on lower costs and his ability to retain communications.

Mr Robin Hardy of Bradley's puts it into a nutshell: "What we have to do is maintain the momentum of development." There is no real sign that the momentum in Swindon is faltering.

William Cochrane

Inco cuts nickel prices

BY JOHN EDWARDS, COMMODITIES EDITOR

CUT in world nickel prices s been announced by International Nickel, but the company claimed yesterday that e lower prices would only ply for deliveries up to the d of the first quarter of 82. Orders for the remainder 1982 would be negotiated at gher prices, the company ded.

The price reductions announced, effective immediately, t the cost of plating nickel m $3.50 to $3.29 a pound; elting nickel from $3.20 to .45 and charge nickel from .35 to $3.12. The sterling otation, which is adjusted onthly in accordance with the anges in the dollar/sterling rity rate, will be amended in ie with the reduction in the se world dollar price.

Inco, which is the world's ggest single producer of ckel, accounting for over 30 r cent of the total market, said the price cuts were the result of weak demand for nickel and also the "aggressive pricing by competitors." The price reductions are between 6 per cent and 7 per cent, coinciding closely with the official discounts introduced by Inco (and followed by other companies) in November last year, which were eventually extended to cover deliveries up to end of June. Although discounting by Inco was supposed to end officially at the end of June, the market has remained extremely competitive with demand falling away, so Inco has been compelled to act again.

Although Inco claims the lower prices only apply for orders up to end March next year, future pricing policy will obviously depend on whether or not demand, currently at a very low ebb, recovers.

The last time Inco lowered prices was in July 1977, when it rescinded price increases announced in October 1976 and ceased quoting official list prices. A lengthy strike by Inco workers in late 1978 and early 1979 enabled Inco to resume quoting list prices at the beginning of 1979 and increase prices several times that year. But subsequently the recession in demand has put prices under pressure again leading to Inco introducing the discount scheme late last year and now cutting its prices. Other producers are expected to cut their prices too, although it is generally recognised that in view of discounting this may make little difference to actual prices being charged.

On the London Metal Exchange yesterday the cash nickel price closed £37.5 down at £2.675 a tonne. However trading was subdued, overshadowed by the hectic activity in the tin market.

Cocoa market rise forecast

BY OUR COMMODITIES STAFF

ORLD COCOA prices are curntly undervalued and are ely to rise sharply next year, cording to a leading London aler. In its latest market port, Holco Trading Company recasts that nearby quotans, which are below £1,100 a nne at present, will climb ove £1,500 a tonne during 82.

Available supplies in the 81-82 marketing season will below previous estimates, Holco says. It attributes this mainly to deterioration in production prospects, particularly in Ghana.

The report puts net world production (allowing for weight loss in processing) at 1.597m tonnes against usage of 1.585 tonnes. This would leave a surplus of only 12,000, down from 49,000 estimated in 1980-81.

Holco notes that the International Cocoa Organisation has already taken 64,345 tonnes off the market through buffer stock purchases. On this basis end-1981-82 stocks would be around 512,000 tonnes, equivalent to 17 weeks' consumption, assuming no further buffer stock buying.

Buffer stock operations, effectively halted several weeks ago because of lack of funds, may begin again fairly soon. Following meetings of the International Cocoa Council to study ways of extending the buffer stock fund four Brazilian banks are understood to be almost ready to make a firm offer of an $85m syndicated loan.

Sr Angelo Calmon de Sa, president of Brazil's Banco Econofico SA, said yesterday that details of the loan will be discussed today with the ICCO's buffer stock manager, Mr Juergen Plambeck. Mr Plambeck had already been told of the loan conditions by telephone and had reacted very favourably, Sr Calmon de Sa said.

Around $80m remains of the $230m fund brought forward from the previous cocoa agreement, which should be enough to complete purchases of 36,000 tonnes authorised at last week's council meeting. Mr Plambeck said yesterday this cocoa would be bought in direct negotiations with ICCO producing countries.

Further purchases may be made on a deferred payment basis for shipment before next September. These may involve some producers securing IMF loans to avoid balance of payments problems, however.

udan sorghum surplus expected

DAN, facing severe econic problems which led to the valuation of the Sudanese und two weeks ago, expects have an increased surplus of rgnum for export in 1981-82 er good rains and increased reage. The total crop is estiated at around 2.6m tonnes me 25 per cent higher than st year. The 1979-80 figure was 47m tonnes with last year's 2.16m tonnes.

Sorghum is the staple diet of dan's population, but exports ve soared over the last five ars from 98,899 tonnes in 76 at a value of S£4.3m to an timated 215,000 tonnes S£70m) in 1981.

The main export market for danese sorghum is Saudi rabia where an average 0,000 tonnes a year is bought r animal fodder at over one d a half times the international price per ton. The remainder, some 15,000 tonnes a a year is exported to Europe for birdseed.

Irish farmers protest

ABOUT 30,000 farmers, some with tractors and trailers, are expected to demonstrate in Dublin today for a new deal on agriculture.

The Irish Farmers' Association says that over the past three years, its members' incomes have dropped by 60 per cent after allowing for inflation.

It has urged Irish premier Dr Garret Fitzgerald to press at this week's EEC summit in London, for better arrangements for the republic's farmers.

Australia sells wheat to China

MELBOURNE—Australia has sold 1m tonnes of wheat to China under a new three-year agreement, the Chairman of the Australian Wheat Board, Sir Leslie Price, announced yesterday.

He said the Chinese paid cash instead of seeking the usual two-year credit terms. But he would not reveal the price. The board is quoting about A$161 per tonne ($185) for wheat to be delivered next March when the Chinese shipments will start.

The new sales together with 200,000 tonnes from an earlier one are part of the Board's latest undertaking to supply China, an important customer since the early 1960s, with between 1.5m and 2.5m tonnes of wheat a year until the end of 1984, Sir Leslie added.

Inspite of droughts and floods, China's grain output this year is expected to be close to the record 1979 production of 332m tonnes.

Western experts believe China's grain imports, which the International Wheat Council estimates nearly trebled between 1972 and 1981, will not rise much above the present annual rate of about 15m tonnes, mostly wheat.

Reuter

Trout ban imposed

By Our Commodities Staff

MOVEMENT RESTRICTIONS have been imposed on six trout farms in southern *England following the discovery* of a killer disease previously unknown in England.

Whirling disease, which mainly affects rainbow trout, has been identified on farms in Surrey, Hampshire, Dorset, Gloucestershire and Hertfordshire. Under the Infected Areas Order movements of fish, fish eggs and foodstuffs off the farms has been prohibited, except by prior permission of the Ministry of Agriculture Fisheries and Food.

The disease, caused by a parasite, does not affect man but it can cause considerable losses of young fish stock. The Ministry of Agriculture regards it as one of the most important infectious diseases of farmed trout. The parasite attacks the balance organs of the young fish and damages the central nervous system.

FARMER'S VIEWPOINT: MEAT SUPPLY

The kindest cut of all

THERE WAS a time, ages ago, when I was in the forefront of an idealistic band of young farmers dedicated to the notion that we should produce, to the limit of our farm's abilities, the vital foods so needed by the rest of mankind. And marketing it in the way most attractive to the customer and, of course, as cheaply as possible.

I used to bore my fellow members of the NFU council of those days so much on this theme, that at last one of my greatest friends drew me aside and addressed me in these terms.

"What you must realise, my dear young friend, is that the essence of good marketing is not packaging or co-operation but keeping supplies just short of demand. No buyer, housewife or anyone else, is going to pay a farthing more than absolutely necessary to get supplies."

At the time this seemed like the depths of cynicism. The war was not long over, and there certainly wasn't quite enough to go round. But once the war-time shortages disappeared, the sense of his words was proved right and has been ever since.

The latest commodity to enjoy a price boost has been meat. As every housewife will tell you, the price of beef, mutton and pork in the shops has been rising lately. This is in line with rising wholesale markets and these in turn are a reflection of increased prices paid to farmers. The increases are quite significant.

The market price for fat cattle has risen from 68.56p per kilo liveweight in October 1980 to 92p per kilo in mid-November —well above the target price of 88p per kilo. No subsidy premium is to be paid and intervention support buying will be phased out shortly.

In consequence, the farmers' total returns which amounted to 75.88p per kilo in November 1980 including the subsidy, have now risen by 16.37p per kilo or by 21 per cent. This has been almost entirely due to a decline in cattle slaughterings which are running about 15 per cent below those at the same time last year.

This healthy position has had a corresponding effect on the market for the raw material of beef production. Prices for bull calves for rearing have risen by 34 per cent for pure bred Friesians and by 15 per cent for the beef crosses. All types of store cattle are showing similar increases and the whole atmosphere in the beef sector is very optimistic. This is encouraged by the latest forecast by the Meat and Livestock Commission which points to an overall reduction of beef supplies of about 6 per cent for 1981 as a whole. Supplies are expected to remain at a similar level in 1982.

In fact output may slow up still more. There are signs that the herds may be being built up, which would in consequence reduce the numbers of cows coming forward for slaughter.

The sheepmeat situation is complicated by the fact that market prices are still below the target levels. Nevertheless total returns to farmers are up 13 per cent on last year. Overall supplies are likely to be about 6 per cent down on 1980 but much will depend on imports of New Zealand supplies which may show an increase following some problems in the Middle Eastern markets.

The trade for store sheep encouraged by the high guaranteed price has raised the price for store lambs for fattening by about 20 per cent.

The demand for red meat has spilt over to the pork market where although supplies have remained at roughly the 1980 levels, the average all-pigs price has risen by 13 per cent.

This is undoubtedly due to the realisation by the public that compared with beef and sheepmeat, pork has been a very good buy indeed. Supplies of bacon are marginally down, but prices here are showing a reasonable firmness.

All this is fairly good news for farmers. It is unlikely that the beef herd can be rebuilt quickly enough to increase amounts on the market for some time. In the U.S. the beef cycle is generally taken to be at least eight years. Alternative supplies from Ireland are being diverted to other markets where they get a better return.

The sheepmeat situation does point to a steady increase in supplies over the years as some flocks are rebuilt. But there is little prospect of greatly increased supplies unless New Zealand fails to maintain the diversion of supplies to the Middle East or to find new markets.

Pig supplies could be increased rapidly, over a time-scale of a couple of years. But at the moment there is no real indication of this happening probably because of the high cost of new buildings. Any real shortage of meat would most easily be made up by poultry production and that already seems to be happening.

The present situation leaves the market very much in balance. Consumption of carcase meat is lower than last year probably as a result of high prices which have combined with recession to turn consumers to the cheaper meat products. Had production not fallen there could have been a real slump in prices.

John Cherrington

DRIED FRUIT

Greece holds the key to the market

BY A CORRESPONDENT

AT THE APPROACH of Christmas, died fruit producers are wondering, as they do each year, what sort of reception their sultanas, raisins and currants will be accorded in British shops and kitchens.

The factors that decide the fortunes of the 80m UK market have this year assumed a pattern different in several respects from that the industry has known in the past.

For one thing, the influence of Australia, formerly the largest supplier to the market and traditionally a pace-setter in quality and price, has receded. Last season's harvest in that country totalled only about two-thirds of the usual tonnage, and the quality of a much smaller export quota fell so far below normal that producers speak of having to win back the trade's confidence.

Another break with the past, meanwhile, is that whereas the problem dogging dried fruits used to be that of persuading producers to keep prices up in accordance with agreements that were continually being broken, today the UK market, which is slowly shrinking, is threatened by the tendency of prices to go too high.

The trend has been aggravated by the entry of Greece, one of the largest Mediterranean suppliers, into the Common Market last January. In the run-up to accession, Greece raised its prices to farmers for the purpose, it is widely assumed, of establishing levels of return as a basis for aid from the Community's agriculture funds.

When Greece started negotiating the sale of its fruit earlier this year, it did so on the basis of a 6 per cent EEC farm subsidy, to which the Community allowed the addition later of a further 8 per cent grant provided it was national rather than drawn from the CAP fund.

It now appears, however, that these subsidies to producers have served not to make Greek fruit more competitive but have provided, rather, a buffer enabling exporters to seek higher prices than they would have had to do if returns had depended on the market alone.

Having failed to sell the fruit at the sort of figures the subsidies emboldened them to ask, the Greeks have appealed to Brussels for concessions that are available for such contingencies. As a result they have been granted permission to offer quotas of 25,000 tonnes of sultanas and 15,000 tonnes of currants for sale by tender. Tenders in respect of these amounts if they are to be considered should have been returned to Greek Government agents this week.

It is on the outcome of this development, as well as on further Brussels reaction to appeals on behalf of a product that many think should never have come under the Treaty of Rome's provisions anyway, that the mind of the British National Dried Fruit Traders' Association it at present most concentrated.

Both the Association and other countries supplying the UK fear that the switch from the chronic price-cutting of yesteryear to the Greek attempt to force prices upwards is a move for the worse in a market which, having begun to contract since before the recession, has more recently suffered from economies imposed on consumers by unemployment.

BASE METALS

RADING IN BASE-METAL MARKETS n the London Metal Exchange was vershadowed by the chaotic activity Tin which fluctuated wildly between 1,400 and £8,650, for three months etal, before closing the afternoon erb at £8,520. The withdrawal of the cent support buying for forward etal by the recent market operator, d heavy borrowing of cash metal by e same source, eliminated the conngo. Copper was finally £863.25, ed £350, Zinc £450, Aluminium 577.5 and Nickel £2,700.

OPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Irebars				
sh	835-6	−7.25	836-7	−6.75
3 mths	860.5-1	−7.5	861.5-2	−6.5
ttlem't	836	−7	—	......
thodes				
sh	832-.5	−6.25	832-4	−7
months	856.5-7	−7.75	857-8	−6.5
ttlem't	832.5	−6.5	—	
Prod	—	......	*73.5-84	......

Amalgamated Metal Trading reported at in the morning three months gher grade traded at £859.00, 60.00, 9.50, 61.00, 62.00, 61.00, 60.50. thodes, cash £832.00, 32.00, earlyscember £584.00, three months 58.50. Kerb: Wirebars, three months 60.50, 60.00. Afternoon Wirebars, ree months higher grade £859.00, .00, 59.50, 59.00, 60.00, 60.50, 61.00, 1.50. Kerb: Wirebars, three months 362.00, 63.00, 64.00, 63.50. Turnover:),625 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
gh Grade	£	£	£	£
ash	8430-50	+105	8550-600	+237.5
months	8450-40	−215	8550-600	−75.5
ettlem't	8450	+115	—	......
andard				
sh	8430-50	+105	8550-600	+237
months	8430-40	−215	8550-580	−75.5
ettlem't	8450	+115	—	......
raits E.	$38.14	+0.25	—	......
ew York	—			

Tin—Morning: Standard, three months onths £8,445, 50, 80, 8,600, 8,590, , 80, 70, 50, 8,500, 8,460, 50. Kerb: aidy, carries, three months £8,450, , 30, 8,400. Afternoon: Standard ree months £8,435, 60, 70, 80, 8,500, 650, 40, 30, 8,600. Kerb: Standard, ree months £8,520, 40, 30, 20, 10, , 40, 60. Turnover: 36,470 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	331-.5	−7.5	336.6	−4.5
3 months	344-.5	−8.25	349.50	−4.75
Settlem't	331.5	−7.5	—	......
U.S. Spot	—	......	*32-6	......

Lead—Morning: Cash £331.00, three months £348.00, 45.00, 44.00. Kerb: Three months £346.00, 46.50. Afternoon: Three months £347.00, 49.00, 50.00, 49.00. Kerb: Three months £350.00, 51.00, 50.50. Turnover: 12,900 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	438-.5	−7.25	440.5-1	−5.5
3 months	450-.5	−8.25	452.5-3	−6
S'ment	438.5	−7.5	—	......
Primw'ts	—	......	*45.75-50	......

Zinc—Morning: Three months £451.00, 50.50, 48.00, 49.00, 49.50, 50.00. Kerb: Three months £450.00. Afternoon: Three months £451.00, 52.00, 52.50. Kerb: Three months £452.00, 41.50, 51.00, 51.50, 51.00, 50.50. Turnover: 20,400 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	556-7	−3.5	557-8	+4
3 months	580-1	−5.25	580-1	−6.75

Aluminium—Morning: Three months £580.0, 81.00, 80.50. Kerb: Three months £581.00. Afternoon: Three months £581.00, 80.00. Kerb: Three months £580.00, 79.00, 77.00, 76.00, 75.00, 74.00, 75.00, 76.00, 77.00. Turnover: 26,000 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2665-70	−55	2670-80	−37.5
3 months	2675-80	−51.5	2680-5	−55

Nickel — Morning: Three months £2,690, 75. Afternoon: Three months £2,675, 80. Kerb: Three months £2,685, 2,700. Turnover: 417 tonnes.

*Cents per pound. † M$ per kilo. ‡ On previous unofficial close. ⊕ High grade cathodes deliverable from Sept 1.

SILVER

Silver was fixed 2p an ounce lower for spot delivery in the London bullion market yesterday at 422.6p. U.S. cent equivalents of the fixing levels were: spot 819.6c, up 2.5c; three month 841.2c, up 2.5c; six-month 857.8c, up 3.3c; and 12-month 924.3c, up 4.3c. The metal opened at 425-429p (822-827c) and closed at 422-425p (818-823c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	422.60p	−2.0	423.5p	+0.5
3 months	436.60p	−2.5	437.25p	−0.75
6 months	450.80p	−2.5	—	
12months	481.00p	−2.4	—	

LME—Turnover 173 (75) lots of 10,000 ozs. Morning: Three months 438.0, 37.0, 36.5, 36.0, 35.5, 34.0. Kerb: Three months £435.0, 36.0, 35.5, 36.0. Afternoon: Untraded. Kerb: Three months 438.0, 40.0, 41.0, 42.0, 43.0.

COCOA

Futures were quieter than of late and moving within a £10 range ended the day unchanged, reported Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec	1082-86	+1.5	1092-85
March	1093-95	......	1105-93
May	1109-10	+0.5	1116-06
July	1121-22	+1.0	1128-15
Sept	1139-50	......	1130-29
Dec	1145-46	−0.5	1147-44
March	1155-56	−2.0	1157-55

Sales: 1,970 (2,855) lots of 10 tonnes.

ICCO—Daily price for November 26. Unquoted (92.87); Indicator price for November 27. Unquoted (90.77).

COFFEE

With New York closed London dealing was kept to a minimum, reports Drexel, Burnham Lambert. Early commission house selling was the only feature and trading ranges were tight and not unduly tested.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	1128-30	−4.0	1130-27
Jan	1131-33	−8.5	1136-31
March	1101-02	−18.5	1110-01
May	1098-99	−12.0	1102-99
July	1095-96	−12.0	1100-98
Sept	1095-96	−9.5	1101-96
Nov	1095-00	−9.5	—

Sales: 1,102 (3,053) lots of 5 tonnes.

ICO 1979 indicator prices for Nov 25: (U.S. cents per pound): Comp. daily 123.23 (123.29): 15-day average 125.15 (125.30).

GAS OIL FUTURES

Prices were a little easier, moving in a narrow range in a featureless market. Volume was low with the New York markets closed, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
November	325.75	[illegible]	[illegible]
December	328.75	[illegible]	[illegible]
January	326.50	[illegible]	[illegible]
February	326.50	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
April	324.75	−0.25	—
May	[illegible]	[illegible]	—
June	[illegible]	[illegible]	—
July	324.50	[illegible]	[illegible]

Turnover: 231 (318) lots of 100 tonnes.

GRAINS

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday's close	+ or —
Jan	108.15	−0.20	103.90	−0.25
Mar	111.35	−0.20	106.90	−0.25
May	114.40	−0.20	109.65	−0.25
July	117.80	−0.20	—	
Sep	106.40	−0.20	105.90	−0.25

Business done—Wheat: [illegible]. Barley: [illegible].

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Dec 111.25, Jan 112.25 transhipment East Coast sellers. English Feed fob Jan 111.00 paid East Coast. Jan/Mar 112.50 seller East Coast. Maize: French first half Dec 127.30 second half Dec 129.50 sellers transhipment East Coast. S African White/Yellow Dec 85.00 seller. Barley: English Feed fob Dec 107.00, Jan 109.00 East Coast sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 101.60, S. West 100.00, N West 102.40. The UK Monetary Coefficient for the week beginning Monday, November 30 is expected to change to 0.923.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day and closed quiet. Lewis and Peat reported a December fob price for No. 1 RSS in Kuala Lumpur of 211.5 (212.0) cents a kg and SMR 20 179.0 (179.0).

No. 1 R.S.S.	Yest'rdy's close	Previous close	Business Done
Jan	[illegible]	[illegible]	—
Feb	[illegible]	[illegible]	56.50
Jan-Mar	[illegible]	[illegible]	57.50-57.00
Apl-Jne	[illegible]	[illegible]	60.50
Jly-Sept	[illegible]	[illegible]	65.20
Oct-Dec	[illegible]	[illegible]	67.20-67.10
Jan-Mar	[illegible]	[illegible]	70.50-70.40
Apl-Jne	[illegible]	[illegible]	75.50
Jly-Sept	[illegible]	[illegible]	[illegible]

Sales: [illegible] lots of 15 tonnes and [illegible] lots of 5 tonnes.

Physical prices (buyer) were: Spot [illegible] Jan 53.00p [illegible].

SOYABEAN MEAL

The market opened 50p lower on stronger sterling and remained in a narrow trading range in thin conditions, reports T. G. Roddick.

	Yesterdays Close	+ or —	Business Done
	£ per tonne		
December	[illegible]	[illegible]	125.50
February	[illegible]	[illegible]	127.80-26.50
April	[illegible]	[illegible]	129.80-29.00
June	[illegible]	[illegible]	131.60-31.00
August	[illegible]	[illegible]	—
October	[illegible]	[illegible]	—
Dec	[illegible]	[illegible]	—

Sales: 13 (62) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £159.00 (£156.00) a tonne cif Nov-Dec-Jan shipment. White sugar daily price £170.00 (£168.50).

Without the influence of arbitrage buying the market was unable to hold the overnight gains it had made, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 4,432 (3,668) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.00 (same) a tonne fob for home trade and £388.5 (£383.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports). Prices for November 25: Daily price 12.22 (11.82); 15-day average 11.95 (11.83).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 272 tonnes. [illegible]

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 490.0, 499.5, 491.0-490.0; Mar 499.0, 500.0, 502.0-500.0; May 513.0, 514.0, 515.3-512.5; July 516.0, 518.0, 521.0-518.0; Oct 515.0, 517.0, untraded; Dec 521.0, 523.0, 524.0-521.5; Mar 527.0, 530.0, 531.0-530.0; May 535.5, 538.0, 535.0. Sales: 142.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 370, 380, 373; Jan 373, 379, 376; Mar 383, 387, 383; May 390, 394, 393; Aug 407, 408, 407; Oct 412, 413, nil; Dec 417, 420, 418; Jan 420, 423, 421; Mar 427, 430, nil; May 432, 438, nil. Sales: 26.

POTATOES

LONDON POTATO FUTURES—In low volume, the market opened up to £1 lower, and traded in a narrow range thereafter, reports Coley and Harper. Closing prices Feb 85.00, −0.70 (85.00 only); April 96.10, −0.90, (high 96.30, low 95.90); Nov 67.30, −0.50, (67.30 only). Turnover, 126 (153) lots of 40 tonnes.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £7.50-£8.80, codlings £4.40-£6.50. Large haddock £5.60, medium £3.50-£4.50, small £2.50-£3.70. Skinned dogfish (medium) £3.00-£5.50.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 80.5 to 84.0; Ulster hindquarters 92.0 to 95.0, forequarters 59.0 to 61.0. Veal: Dutch hinds and ends 126.0 to 130.0. Lamb: English small 70.0 to 74.0; imported frozen—New Zealand PL 62.0 to 63.0. Pork: English, under 100 lb 46.0 to 56.0, 100-120 lb 48.0 to 55.0, 120-160 lb 43.0 to 54.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 96.96p per kg l.w. (−0.54). UK—Sheep 175.35p per kg est. dcw (+9.57). GB—Pigs 79.52p per kg l.w. (−2.96).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 4.40, 56 4.40, 72 4.40, 88 3.60, 112 3.30, 138 3.25, 150 3.25; Spania: Navelinas 42/130 4.00-4.80. Clementines—Spania: 4.50-5.00. Satsumas—Spania: 3.00-3.50. Lemons Outspan: 88/162 3.00-4.50; Cyprus: 3.30-4.00; Jaffa: 150 5.00; Italian: 60/150 4.50; Spania 40/50 2.40-2.50. *Grapefruit*—U.S.: *Pink* 32/48 7.00-8.00; Cuban: Pink 32/48 2.00-3.00; Cyprus: Large cartons 4.80-5.50, small cartons 3.50-3.80; Honduras: 4.20-4.50; Jaffa: [illegible] 4.00. Celery—Israeli: 3.60; Spanish: 3.40-3.60. Chillies—Dutch: 3-kilos 4.50. Carrots—Dutch: 20-lb 2.00, pre-pack 2.80. Lettuce—Dutch: 24 2.80-3.60; French: Batavia 5.00-5.50; Dutch: Webb's x 12 3.00. Cucumbers—Dutch: 2.60; Canary: 2.00-2.20; Greek: 2.20. Chicory—Belgian: 3-kilos 3.00-3.30. Endive—French: 5.00-5.50. Fennel—French: 9-lb 4.00-4.50; Italia: 25-lb 4.00-4.50; Dutch: 11-lb 4.00-4.50. New Potatoes—Jersey: Per pound, Royal 0.14. Maris Peer 0.10-0.12; Italian: [illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Nov. 26 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1065/1095	+5	$1095/125
Copper			
Cash w'bar	£836.5	−5.75	£900.25
3 mths	£861.75	−6.5	£929.25
Cash Cathode	£853	−7	£896
3 mths	£858	−6.5	£924
Gold troy oz	$409.5	−0.75	$424
Lead Cash	£335.5	−4.5	£374.5
3 mths	£349.5	−4.75	£389.25
Nickel	£4187.2	......	£4,219.60
Free mkt	234/284c	......	240/290c
Platin'mtr'y oz	£260	......	£260
Freemkt	£201.85	−1.4	‡
Quicksilvert	$415/425	......	$420/425
Silver troy oz	422.60p	−2.0	489.65p
3 mths	436.60p	−2.3	506.15p
Tin Cash	£8,575	+237.5	£8145
3 mths	£8,575	−76.5	£8350.5
Tungsten22.0lb	$138.06	......	$142.61
Wolfrm 22.04lbs	$127/151	......	$136/141
Zinc Cash	£440.75	−5.5	£500.5
3 mths	£452.75	−6	£516.5
Producers	$1000	......	$1000
Oils			
Coconut (Phil)	$567.5w	−2.5	$570
Groundnut	‡	......	‡
Linseed Crude	£425	......	£460
Palm Malayan	$492.5z	−2.5	$510
Seeds			
Copra Philip	$352.5z	−2.5	$360
Soyabean(U.S.)	$295z	+1	$259
Grains			
Barley Fut.Mar	£106.90	−0.25	£103.85
Maize	£127.5z	......	£127.25
Wheat Fut.Mar	£111.35	−0.20	£108.60
No2 HardWint	‡		‡
Other commodities			
Cocoa ship't*	£1,161	+3	£1,347
Future Mar	£1094	......	£1,174
Coffee Ft' Jan	£1132	−8.5	£1,135
Cotton A.Index	68.95c	−1.2	74.75c
Gas Oil Nov	$325.75	−0.25	$323.25
Rubber (kilo)	51.75p	−1	55p
Sugar (Raw)	£159vx	+5	£158
Woolt'ps 64s kl	376p kilo	......	390pkilo

‡ Unquoted. w Dec-Jan. x Jan. z Dec. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

Australian power concessions not needed, says report

CANBERRA. — There is no justification for offering concessions to the aluminium industry in Australia, a senate committee report tabled in parliament said.

The all-party standing committee on national resources said Australia is already a sufficiently attractive location for bauxite, alumina and aluminium production.

The report added the federal government should study carefully the electricity prices being offered to big industrial users by individual state governments.

The report has been released at the height of a row over power prices between the state government of Victoria and Alcoa of Australia, which has said it will abandon its A$1bn Portland smelter if a proposed 25 per cent rise in tariffs goes ahead.

In April, Alumax of the U.S. pulled out of the Lochinvar smelter project in New South Wales after the state electricity commission sought to raise its prices.

The report said electricity prices should cover full production, distribution and delivery costs and give a capital return.

The report noted this would help industry as well by improving the nation's ability to provide a secure and predictable *investment framework which* would make concessions and other subsidies unnecessary.

The report also said Trade Minister Doug Anthony should be empowered to examine export contracts to ensure they were in the national interest.

It added full export controls should be available to the government if there is evidence of transfer pricing or other tax avoidance.

Reuter

COMMODITIES markets in New York, Chicago and New Orleans were closed yesterday for the Thanksgiving holiday.

INDICES

FINANCIAL TIMES

Nov. 26	Nov. 25	Month ago	Year ago
247.13	247.43	258.94	269.83

(Base: July 1, 1952=100).

MOODY'S

Nov. 25	Nov. 24	Month ago	Year ago
978.8	975.2	1000.7	1307.3

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 25	Nov. 24	Month ago	Year ago
Spot	358.27	356.73	356.16	463.91
Fut rs	366.90	364.41	373.89	496.78

(Average 1924-25-26=100)

REUTERS

Nov. 26	Nov. 25	M'nth ago	Year ago
1605.7	1604.2	1655.1	1759.7

(Base: September 18, 1931=100)

EUROPEAN MARKETS

ROTTERDAM, Nov 26

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent *mid-Dec/mid-Jan 211, mid-Jan/mid-*Feb 214. U.S. No Two Red Winter Jan 184.50, Feb 187.50. U.S. No Three Amber Durum Dec 189.50, mid-Jan/mid-Feb 203, April/May 200. U.S. No Two Northern Spring 14 per cent afloat 193, Dec 193, Jan 204, Feb 205.

Maize—(U.S. $ per tonne). U.S. No Three Corn Yellow afloat 126, Nov 126, Dec 125.25, Jan 127.50, Feb 131, Mar 133, Jan/Mar 130.50, April/June 135, July/Sept 140.50, Oct/Dec 141.50.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Nov 251, Dec 253, Jan 258, Feb 261, Mar 258, April 268.50, May 270.75, June 272.50, July 274.75, Aug 275.75, Sept 277, Oct 278, Nov 278, Dec 284 sellers. Argentine June 267.50, July 267.50, Aug 268 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. afloat 226.50, Nov 227.50, Dec 228, Jan 230, Feb/Mar 238.50, Jan/Mar 233, April/Sept 245 sellers. Brazil Pellets afloat 245, Nov 245, Dec 249, Jan 255.50, Jan/Mar 254, April/Sept 251.50 sellers.

PARIS, November 26

Cocoa — (FFr per 100 kilos): Dec 1165/1200, March 1191/1193.50, May 1200/1220, July 1235/1250, Sept 1250 bid, Dec 1265 bid, March 1275 bid. Sales at call: 1.

Sugar—(U.S. $ per tonne): March 1855/1857, May 1891/1895, July 1910/1930, Aug 1940/1965, Oct 1975/2000, Nov 1975/2000, Dec 2000/2030, March 2012/2037. Sales at call: 7.

AMERICAN MARKETS

Wednesday's closing prices

NEW YORK, November 25.

††Cocoa—Dec 1900 (1883). March 1932 (1920). May 1970. July 2012. Sept 2040. Dec 2077. March 2114. Sales, 2,160.

Coffee—"C" *Contract*: Dec 140.50 (139.66). March 134.00-134.40 (132.75). May 129.00-129.25. July 128.00. Sept 125.50. Dec 124.00-125.00. March 123.25-123.30. Sales: 2,105.

Cotton — No. 2: Dec 60.64-60.75 (60.35). March 63.10-63.15 (63.26). May 64.60-64.75. July 66.10-66.15. Oct 68.05-68.20. Dec 69.05. March 70.35. May 71.30-72.00. Sales: 4,300.

Heating oil (dollars per U.S. gallon) —Dec 1.0136. Jan 1.0236. Feb 1.0303. March 1.0165. April 1.0040. May 1.0007. June 1.0040. July 1.0060. Aug 1.0080. Sept 1.0220. Oct 1.0310. Turnover, 2,882.

Orange Juice — Jan 123.30-123.40 (123.65). March 124.25 (124.65). May 125.40. July 126.20-126.25. Sept 127.60-127.75. Nov 128.70-128.90. Sales: 700.

CHICAGO, November 25.

Chicago Imm Gold—Dec 412.5-412.9 (401.7). March 422.5-423.0 (412.2). June 434.5-435.0. Sept 447.4. Dec 460.0. March 472.8. June 485.8. Sept 499.0.

Gilts cautious as short credit conditions tighten

Equities move narrowly awaiting base rate moves

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14
Dec 7	Dec 17	Dec 22	Jan 4

* "New time" dealings may take place from 9 am two business days earlier.

A marked shortage of near funds in money markets countered the effects of a continuing strong sterling exchange rate yesterday and tended to restrain London stock markets. Some optimists were disappointed in the absence yesterday of a reduction in base lending rates, although the majority continued to hold the view that the clearing banks would be cutting them ½ per cent in the near future.

Government securities reacted from Wednesday's three-month highs, reached on demand which enabled the authorities to sell supplies of two of the three recently-announced tranches, each of £250m, of existing stocks. The emphasis remained on the untapped longer end of the market and quotations lost ½ on profit-taking before hardening later to close ¼ down on balance. Short-dated issues fluctuated throughout and were finally around ¼ lower on the day.

Early afternoon reports that the Cabinet had agreed to abandon moves to eliminate next year's estimated public spending overshoot of some £5bn caused some concern. But most operators were prepared to await the full financial statement, expected to be announced in Parliament next Wednesday.

Still underpinned by interest rate hopes and by Wall Street's resumed advance on Wednesday, equity markets consolidated the previous day's rise at the opening. Business was slow and leading shares later appeared reluctant to move in either direction. New York's Thanksgiving Day holiday added to the indecision which was typified by marginal hourly movements in the FT Industrial Ordinary share index.

This measure of the market mood posted a rise of 1.5 at 11 am and a loss of 0.5 four hours' later prior to closing a mere 0.1 down on balance at 526.1. Lending support to the index was a gain of 3 to 69p in Courtaulds following the resumption of an interim dividend payment and first-half profits at the top end of market expectations. Secondary stocks often caught up with the previous day's advance in the leaders and rises in all FT-quoted industrials outnumbered falls by three-to-two.

The volume of business in Traded options improved again with 2,343 contracts completed, comprising 2,241 calls and 102 puts. **Imperial Group** continued to be actively traded, recording 1,117 calls, 442 of them in the February 70 series. Following the interim results, **Courtaulds** recorded 202 calls, while 276 calls were done in RTZ.

Grindlays below best

Interest in the banking sector centred mainly upon old speculative favourite Grindlays which rose 10 for a two-day advance of 16 to 205p, after 208p, on revived talk that Lloyds Bank, which already holds a 41.4 per cent stake in the company, may be about to launch a bid or sell its stake to another likely predator. Awaiting further developments on the interest rate scene, the major clearing banks made useful progress with **Lloyds** finishing 10 to the good at 430p and **NatWest** up 8 at 408p. Discounts closed with improvements ranging to 10; **Cater Ryder** added that much to 325p and **Gerrard and National** appreciated 6 to 278p. Elsewhere, **Royal Bank of Scotland**, at 188p, gave back 4 of the recent good rise which stemmed from hopes that the bid from Hongkong and Shanghai will be given the green light by the Monopolies Commission.

An official statement that Allianz's acquisition of a 28.1 per cent holding in Eagle Star is not to be referred to the Monopolies Commission brought confusion to the market: early misinterpretation of the wording saw Eagle Star touch a 1981 peak of 341p before closing a net 6 up on balance at 332p, following later clarification from the company. Elsewhere in Insurances, **C. E. Heath**, which announced satisfactory interim figures on Tuesday, lost 10 to 300p. **Alexander Howden** shed 6 to 137p and **Willis Faber** declined 7 to 380p.

Among the occasional movements in Breweries, **Guinness** closed 4 higher at 62p following a report that the company is holding talks with several parties for the sale of Callard and Bowser, its confectionary subsidiary. Still reflecting the recent interim results, **Mansfield** revived with a fresh rise of 11 to 299p.

Trading statements and special situations were responsible for noteworthy movements in the Building sector. **Redland** touched 170p on better-than-expected interim figures before settling a net 6 up at 166p, while **French Kier** touched 88½p for the same reason before closing a penny dearer on balance at 86p. **Tunnel B**, a strong market since **RTZ** announced its intention to bid for the company if its offer for T. W. Ward becomes unconditional, also announced good interim results and firmed another 5 to 510p. Elsewhere, **Hoveringham** advanced 14 to 224p and the **Restricted Voting** 10 to 194p on the announcement that Tarmac's £40m agreed bid for the company would not be referred to the Monopolies Commission. **Brown and Jackson** added 3½ to 28½p following the sale of a subsidiary, while fresh demand in a market short of stock lifted **Breedon and Cloud Hill Lime Works** another 10 to a 1981 peak of 142p.

Business in ICI was thin and the price, a couple of pence firmer at one stage, drifted off to close that much cheaper on balance at 284p. Courtaulds' subsidiary **International Paint** put on 10 to 202p in response to the good interim profits and increased dividend, while fresh speculative interest lifted **Yorkshire Chemicals** 2 to 42p.

Tern-Consulate up

Stores were inclined harder in places. A resurgence of speculative buying on bid hopes helped **Tern-Consulate** to rise 6 to 63p and left **Grant Bros** a similar amount dearer at 172p. **Burton** also firmed 6, to 135p, following comment on the preliminary results.

Sporadic offerings ahead of next Thursday's interim results saw Plessey cheapen 8 to 337p. Other Electrical leaders trended harder but the volume of business was small. **GEC**, still drawing strength from details of British Telecom's telephone exchange order, touched 778p before closing a few pence better at 773p, while **Standard Telephones and Cables** improved 5 to 455p for a similar reason. Elsewhere, **Amstrad** rose 10 more to 238p following the chairman's confident statement at the annual general meeting. **United Scientific** put on 9 to 497p and **Automated Security** added 6 at 178p.

Fresh demand for **Vickers**, up 5 more at 156p, provided the only movement of note in the Engineering leaders. Elsewhere, **Anderson Strathclyde** hardened a penny more to 92p in response to the interim results which resulted in a rise of 10 on Wednesday, but **600 Group** turned reactionary after the interim statement and eased 2 to 69p. **Matthew Hall** edged up 3 more to 214p, while occasional buying interest prompted a gain of 4 to 122p in **Brown and Tawse**. **Ash and Lacy** rose 7 to 232p in a limited market.

William Low featured Foods, jumping 18 to 170p on speculative buying emanating from the North. **Kwik Save** shed 4 to 228p. Elsewhere, revived demand in a thin market lifted **Bernard Matthews** 8 to 125p, while **Glass Glover** improved 3 to 101p.

Leading Hotels and Caterers finished with modest losses, but secondary issues displayed two firm spots. **Wheelers Restaurants** firmed 10 to 330p, revived bid hope eclipsing the sharply lower interim profits, while a speculative flurry lifted **Epicure** 2 to 32p.

T. W. Ward rise

A 20 per cent dividend increase and higher annual profits revealed in a letter to shareholders by the chairman of **T. W. Ward** strongly rejecting the offer from RTZ prompted a rise of 8 to 196p in T.W.W. Elsewhere in miscellaneous industrials, **W. Canning** jumped 6 to 54p following Press comment highlighting the company's recovery potential, while **United Gas** added 5 to 74p, after 75p, in response to the better-than-expected first-half profits. Further consideration of their respective trading statements helped **Alfred Dunhill**, up 8 afresh to 248p, and **Spring Grove**, 3½ better at 88p. **Long and Hambly** advanced 2 to 8p, also on a trading statement. Dry-cleaning issues came in for some useful support; **Sketchley** led the advance with a rise of 10 to 280p. **Silverthorne** hardened the turn to 35p on preliminary figures and improvements of around 5 were seen in **Thomas French**, 95p, and **G. W. Sparrow**, 55p. **Extel** opened easier at 240p, improved on the satisfactory interim profits but still closed 3 off on balance at 245p. **Wedgwood**, at 83p, met profit-taking and lost 4 of the previous day's rise of 9 which followed excellent interim results.

Advertising and money broking concern **Mills and Allen** turned dull late and closed 20 down at 425p.

Quiet conditions prevailed in Properties and the leaders closed easier for choice. **Capital and Counties**, interim results today, softened 2 to 109p. Selected secondary issues moved against the trend, **Beaumont** adding 4 to 110p and **London Shop Property** 6 to 118p. Counter-bid hopes continued to buoy **City Offices**, another 3 dearer at 131p, but **Property and Reversionary**, standing 6 up awaiting the interim results, reacted on the announcement to close just a penny dearer on balance at 175p.

Berkeley Exp. good

Inclined easier for most of the day, leading Oils picked up to close little altered on balance. **Shell**, however, ended 4 off at 396p on talks that the company may bid for RTZ. Renewed speculative demand left **Berkeley Exploration** 17 higher at 397p, but **Carless Capel** weakened to 142p and closed 6 off on balance at 144p following the fall in interim profits. **Steaua Romana** were a relatively lively market and touched 75p before settling at 70p, up 3 on the day, while late demand lifted **Conroy Petroleum** 15 to 220p. **Pict** advanced 25 more to 165p.

In Overseas Traders, **Elder Smith Goldsbrough Mort** rose 13 to 253p.

Among Tobaccos, **Rothmans** turned reactionary after comment on the interim results and eased 4 to 77½p.

Half-year figures at the top end of recent estimates coupled with a return to the interim dividend list prompted a rise of 3 to 69p, after 70p, in **Courtaulds**. Selective interest was shown in other Textiles, with **Tootal** improving to 30½p and closing 3 up on the day at 29½p on the proposed Australian assets sale. **Parkland A** edged up 2 further to 44p. Among Carpets, **Hugh McKay** encountered demand and improved 3 to 43p.

Golds firm again

Mining issues continued to improve—helped by a steady performance by the bullion price, which closed only $0.75 easier at $409.5 an ounce.

South African Golds responded to renewed buying interest, a minor bear squeeze and a continuing lack of stock but activity slackened noticeably in the afternoon and after-hours' trade reflecting the absence of any U.S. business with Wall Street closed for the Thanksgiving Holiday.

Nevertheless, gains were sufficient to leave the Gold Mines index a further 2.3 harder at 320.7.

Heavyweights were generally around ¼ better, as in **Driefontein**, £12⅞, and **Free State Geduld**, £16⅜, while medium- and lower-priced stocks were highlighted by **Welkom**, 30 up at 605p, and **Venterspost**, which put on 24 to 541p.

In South African Financials, **Anglo American Corporation** advanced 15 to 685p ahead of the half-year results. London issues gained further ground, particularly **Rio Tinto-Zinc** which rose 14 for a two-day gain of 28 to 468p, after 470p, amid revived takeover talk. **Charter** added a further 5 to 230p and **Gold Fields** 2 to 480p.

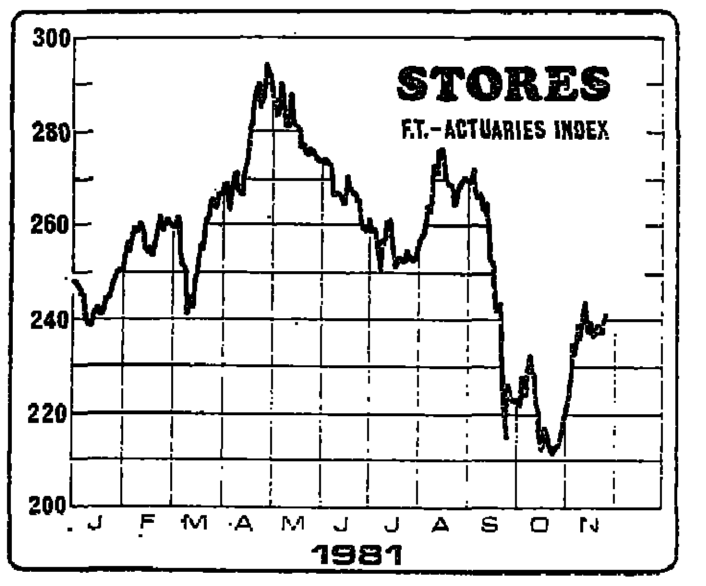
Australians attracted active trading and sizable gains reflecting the strong advance by overnight Sydney and Melbourne markets which responded to Wednesday's good performance on Wall Street.

The leaders attracted persistent support and were featured by **Peko-Wallsend**, 30 higher at 345p. **MIM Holdings** put on 8 more to 200p, **Western Mining** 8 to 238p and **CRA** 4 to 174p. **CSR** were quoted at 214p ex rights, with the new at 61p premium.

Malaysian Tins encountered speculative London interest as well as further buying from Kuala Lumpur and Singapore.

Gopeng Consolidated added 13 at 493p, **Kinta Kellas** 10 to 425p, **Kamunting** 8 to 80p and **Tongkah Harbour** 5 more to 80p.

Pengkalen rose 3 to a year's high of 183p on bid speculation. **Malaysia Mining Corporation**, however, eased a penny to 97p following the results.



FINANCIAL TIMES STOCK INDICES

	Nov. 26	Nov. 25	Nov. 24	Nov. 23	Nov. 20	Nov. 19	A year ago
Government Secs...	64.36	64.70	64.12	63.96	64.49	64.62	70.44
Fixed Interest	64.58	64.54	64.16	64.22	64.49	64.49	71.92
Industrial Ord.	526.1	526.2	520.0	517.8	520.2	511.7	491.2
Gold Mines	320.7	318.4	298.2	298.7	304.2	300.7	488.2
Ord. Div. Yield	5.74	5.71	5.76	5.80	5.77	5.86	7.24
Earnings, Yld. % (full)	9.76	9.75	9.84	9.91	9.64	9.81	16.33
P/E Ratio (net) (*)	13.13	13.15	13.05	12.94	13.47	13.25	7.48
Total bargains	17,901	18,400	17,090	18,015	17,334	18,874	20,875
Equity turnover £m.	—	137.12	111.80	134.08	172.27	146.14	131.28
Equity bargains	—	13,822	13,076	13,752	15,900	14,646	16,169

10 am 527.4. 11 am 527.7. Noon 527.0. 1 pm 526.6. 2 pm 526.1. 3 pm 525.7.

Latest Index 01-246 8026.

*Nil=11.69.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 25	Nov. 24
—Daily		
Gilt Edged Bargains	225.0	186.5
Equities Bargains	89.6	84.7
Value	377.1	226.0
5-day Avrge.		
Gilt-Edged Bargains	193.2	184.4
Equities Bargains	92.2	92.7
Value	283.5	269.6

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 25, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	5.2481
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.6195
	Sp. Peseta	95.17
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso (C) (4)	8586.00
	Peso (F) (5)	10925.00
Australia	Dollar	0.8686
Austria	Schilling	15.655
Azores	Port. Escudo	64.15
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	95.17
Bangladesh	Taka	17.75
Barbados	Dollar	2.01
Belgium	Franc (C)	37.45
	Franc (F)	41.57
Belize	Dollar	2.00
Benin	C.F.A. Franc	280.975
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.1075
Bolivia	Peso	24.75
Botswana	Pula	0.8652
Brazil	Cruzeiro	118.66
Brunei	Dollar	2.054
Bulgaria	Lev	0.933
Burma	Kyat	6.4515
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	280.975
Canada	Dollar	1.1785
Canary Is.	Sp. Peseta	95.17
Cape Verde	Escudo	36.51
Cayman Is	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	280.975
Chad	C.F.A. Franc	280.975
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7224
Colombia	Peso (O)	57.81
Comoros	C.F.A. Franc	280.975
Congo(P'ple.Rep.of	C.F.A. Franc	280.975
Costa Rica	Colon (O)	8.60
	Colon	20.03
Cuba	Peso	0.8012
Cyprus	Pound*	2.3164
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.1722
Djibouti Rp. of	Franc	178.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	25.425
Egypt	Pound* (O)	1.4493
	Pound* (3)	1.2226
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	190.34
Ethiopia	Birr (O)	2.0447
Faeroe Is.	Dan. Krone	7.1722
Falkland Is.	Pound*	1.9245
Fiji	Dollar	0.8677
Finland	Markka	4.332
France	Franc	5.6195
Fr. C'ty in Af.	C.F.A. Franc	280.975
Fr. Guiana	Franc	5.6195
Fr. Pac. Is.	C.F.P. Franc	98.7369
Gabon	C.F.A. Franc	280.975
Gambia	Dalasi	2.0785
Germany (E)	Ostmark (O)	2.2282
Germany (W)	Mark	2.2282
Ghana	Cedi	2.75
Gibraltar	Pound*	1.9245
Greece	Drachma	56.22
Greenland	Dan. Krone	7.1722
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.6195
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	37.5505
Guinea Rep.	Syli	21.0668
Guyana	Dollar	2.9466
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.635
Hungary	Forint	35.00
Iceland	Krona	7.173
India	Rupee	9.1075
Indonesia	Rupiah	630.00
Iran	Rial (O)	79.00
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.5922
Israel	Shekel	14.88
Italy	Lira	1193.50
Ivory Coast	C.F.A. Franc	280.975
Jamaica	Dollar	1.7834
Japan	Yen	216.57
Jordan	Dinar	0.3315
Kampuchea	Riel	n.a.
Kenya	Shilling	10.1908
Kiribati	Aust. Dollar	0.8686
Korea (Nth)	Won	0.94
Korea (Sth)	Won	688.00
Kuwait	Dinar	0.2822
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.6337
Lesotho	Loti	0.9667
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	1.783
Luxembourg	Lux Franc	37.45
Macao	Pataca	5.8472
Madagascar D. R.	Franc	280.975
Madeira	Port. Escudo	64.15
Malawi	Kwacha	0.9069
Malaysia	Ringgit	2.2465
Maldive Is.	Rupee	3.93
Mali Rp.	Franc	561.95
Malta	Pound*	2.6113
Martinique	Franc	5.6195
Mauritania	Ouguiya	56.195
Mauritius	Rupee	10.6677
Mexico	Peso	25.80
Miquelon	Fr. Franc	5.6195
Monaco	Fr. Franc	5.6195
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.3453
Mozambique	Metica	29.774
Namibia	S.A. Rand	0.9667
Nauru Is.	Aust. Dollar	0.8686
Nepal	Rupee	13.20
Netherlands	Guilder	2.439
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.1962
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	280.975
Nigeria	Naira (O)	0.6303
Norway	Krone	5.761
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.84
Panama	Balboa	1.00
Papua N.G.	Kina	0.6683
Paraguay	Guarani	126.00
Peru	Sol	483.94
Philippines	Peso	8.11
Pitcairn Is.	N.Z. Dollar	1.1962
Poland	Zloty (O)	31.00
Portugal	Escudo	64.15
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6597
Reunion Ile de la	Fr. Franc	5.6195
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	1.9245
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.6195
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.0665
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1193.50
Sao Tome & Principe DR	Dobra	38.6171
Saudi Arabia	Riyal	3.417
Senegal	C.F.A. Franc	280.975
Seychelles	Rupee	7.1002
Sierra Leone	Leone	1.1666
Singapore	Dollar	2.054
Solomon Is.	Dollar	0.8848
Somali Rep.	Shilling (6)	6.35
	Shilling (7)	12.46
South Africa	Rand	0.9667
Spain	Peseta	95.17
Span. Ports in N. Africa	Sp. Peseta	95.17
Sri Lanka	Rupee	20.78
Sudan Rep.	Pound* (1)	1.1111
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.9667
Sweden	Krone	5.472
Switzerland	Franc	1.783
Syria	Pound	3.9262
Taiwan	Dollar (O)	37.91
Tanzania	Shilling	8.054
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	280.975
Tonga Is.	Pa'anga	0.8686
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5181
Turkey	Lira	130.14
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8686
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.9245
Upper Volta	C.F.A. Franc	280.975
Uruguay	Peso	11.416
U.S.S.R.	Rouble	0.7467
Vanuatu	Vatu	90.8202
	Aust. Dollar	0.8686
Vatican	Lira	1193.50
Venezuela	Bolivar	4.294
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	39.4378
Zaire Rp.	Zaire	5.4185
Zambia	Kwacha	0.8741
Zimbabwe	Dollar	0.7168

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—By decree on 9/11/81 dual exchange rate abolished and Sudanese Pound devalued by 2½ per cent.
(3) Egypt—Floating rate fixed daily by Central Bank of Egypt for Importers, Exporters, Tourists.
(4) Argentina June 22 Two Tier Policy Adopted. Commercial, Fixed by Central Bank of Imports and Exports.
(5) Argentina, Financial allowed a clean float. (6) Somali Parallel exchange rates introduced July 1—for essential imports.
(7) Somali Exports and Non-Essential Imports and Transfers.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Services yesterday attained new Highs and Lows for 1981.

NEW HIGHS (29)

BRITISH FUNDS (2)
Treas. 8½pc '80-82 Treas. 3pc '82

BANKS (1)
Lloyds

BUILDINGS (4)
BPE Inds. Hoveringham
Breedon Lime Do Rest. Vtg.

STORES (1)
Habitat

ELECTRICALS (1)
Amstrad

ENGINEERING (1)
Hall (Matthew)

INSURANCE (1)
Eagle Star

INDUSTRIALS (10)
Biddle Pauls and Whites
Dunhill (A.) Marshall's Universal
Harris (Ph.) Pentlow
Lond. & L'pool Prichard Services
Marling Inds. Ward (T. W.)

MOTORS (2)
Attwood Garages Jessups

NEWSPAPERS (1)
Benn Bros.

PAPERS (1)
Bunzl Pulp

TEXTILES (2)
Leeds Dyers Sirdar

OVERSEAS TRADERS (1)
Great Northern

MINES (1)
Pengkalen

NEW LOWS (7)

STORES (1)
Peters Stores

INDUSTRIALS (2)
Alpine Hldgs. Williams (J.)

SHIPPING (1)
Fisher (J.)

SHOES (1)
Strong & Fisher

OILS (1)
Lon. Am. Energy NV

MINES (1)
Coronation.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	78	12
Corpns Dom and Foreign Bonds	13	4	56
Industrials	299	167	870
Financial and Props.	137	60	312
Oils	26	20	59
Plantations	2	1	30
Mines	74	15	79
Others	41	50	57
Totals	594	415	1,465

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 16	Nov 27	Feb 25	Mar 8
Nov 30	Dec 11	Mar 11	Mar 22
Dec 14	Dec 29	Mar 25	Apr 5

For rate indications see end of Share Information Service

Stocks dealt in for the call included Premier Consolidated, RHM, Rockware Group, Royal Bank of Scotland, Rothmans, British Home Stores, Town and City, KCA Drilling, Exco International and Allied Colloids. Plessey were dealt in for the put, while a double option was arranged in Town and City.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
80	F.P.	—	84	80	‡A & G Sec.Elecs.5p	82	[illegible]
70	F.P.	30/11	75	68	‡Acus Jewellery	70	[illegible]
[illegible]	F.P.	4/12	350	325	‡Asprey	325	[illegible]
168	F.P.	—	206	191	Cable & Wireless 50p	194	[illegible]
35	F.P.	—	35	33	‡City Site	174	[illegible]
140	F.P.	—	187	170	Exco 10p	[illegible]	[illegible]
[illegible]	F.P.	—	9	9	F&C Enter. Warrants	9	[illegible]
90	F.P.	4/12	105	95	‡Foodback 10p	98	[illegible]
50	F.P.	9/12	50	41	‡Gr nw Hcable&Cn	41	[illegible]
10	F.P.	2/12	17	14	‡Humberside El. 48p	17	[illegible]
63	F.P.	2/12	76	69	‡Johnstone Paint 10p	75	[illegible]
100	F.P.	—	104	100	NewAustralia Inv.50p	101	[illegible]
[illegible]	F.P.	—	7	7	Sunpany Java 2p	7	[illegible]
67	F.P.	18/12	70	68	‡Sheldon Jones	70	[illegible]
[illegible]	F.P.	—	33	32	‡Television South 10p	33	[illegible]
62	F.P.	4/12	64	60	‡V.W.	[illegible]	[illegible]
[illegible]	F.P.	—	5	4½	Vinera 1p	4½	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
[illegible]	F.P.	26/10	83	81p	Asprey 9% Cum. Prf.	[illegible]	[illegible]
[illegible]	F.P.	—	58p	53p	Cater Ryder 4.2 2nd Cum. Prf.	[illegible]	[illegible]
535p	F.P.	—	53p	52p	City Site Exts. 10% Cnv. Cum. Red. Prf.	[illegible]	[illegible]
100	F.P.	10/12	103	102	E. Worcs Waterworks 10% Rd. Prf. '86	103	[illegible]
100	£10	—	12½	12	Essex Water 10% Red. Prf. 1986	12½	[illegible]
51p	F.P.	—	53p	52p	Inchcape 5½% Cnv. Sub. Uns. Ln.	[illegible]	[illegible]
[illegible]	F.P.	—	142p	135p	Mcleod Russell 8.4% Cnv. Red. Cum. Prf.	142p	[illegible]
100	F.P.	—	100	100	Nat'wide Bdg. Society 15%	100	[illegible]
£1	F.P.	15/11	102½	100½	Staffs. Pots. 10% Cnv. Cum. Prf.	102	[illegible]
[illegible]	F.P.	—	88	86	Television South Loan '86-88	88	[illegible]
[illegible]	F.P.	—	125	115	Vinera 10% Cnv. Loan 1986	115	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p	+ or −
275	125p	13.7 / 2.12	183	104	BP	178	[illegible]
20	F.P.	13.11 / 11.12	27	20½	Brown & Jackson	27	[illegible]
2.5A$	Nil	—	60pm	60pm	CSR	60pm	[illegible]
14	F.P.	27.11 / 6.1	22	18	Lancaster (D.M.)	22	[illegible]
126	Nil	2.12 / 15.1	17pm	8pm	Northern Foods	8pm	[illegible]
50cts	Nil	—	117pm	109pm	TNT	109pm	[illegible]
20	F.P.	13.11 / 15.12	43	33	Webstets	43	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. n Interim since increased or resumed. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ★ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
GEC	17	770	+7	RTZ	12	454	+14
Britnia. Arrow	13	51½	+3	Unilever	12	620	+5
Cns Gld Fields	13	478	+8	Plessey	11	345	+2
Exco	13	170	—	Racal Elec.	11	405	—
Beecham	12	223	−1	Rothmns Int B	11	81½	+2½
De Beers Dfd.	12	348	+9	Shell Trans	11	400	+4
ICI	12	286	+4	Wedgwood	11	87	+9

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Anglo American Corp.	685	+15	MIM	200	+8
Barclays Bank	452	+4	Pearl Assurance	424	−6
Carless Capel	144	−6	Peko-Wallsend	345	+30
Eagle Star	332	+6	Redland	166	+6
Grindlays	205	+10	Tunnel B	510	+5
Low (Wm.)	170	+18	Ward (T.W.)	196	+8

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Nov. 26, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Nov. 25 Index No.	Tues. Nov. 24 Index No.	Mon. Nov. 23 Index No.	Fri. Nov. 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	346.58	+0.4	10.04	4.55	12.29	345.27	340.65	338.18	338.44	295.00
2	Building Materials (25)	301.21	+0.9	14.99	5.70	7.64	298.46	293.51	286.94	285.53	249.93
3	Contracting, Construction (28)	515.69	+1.0	18.47	5.36	6.33	510.74	503.14	499.92	498.73	425.40
4	Electricals (30)	1184.64	+0.4	7.70	2.42	16.21	1179.60	1167.98	1156.16	1163.41	955.39
5	Engineering Contractors (9)	490.28	+0.1	12.92	5.66	9.04	489.62	479.55	484.56	480.46	373.61
6	Mechanical Engineering (66)	189.48	—	11.14	5.75	11.47	189.40	187.12	187.29	188.15	182.94
8	Metals and Metal Forming (12)	166.72	−0.7	8.27	7.28	16.35	167.82	164.64	165.31	162.73	151.42
9	Motors (21)	93.44	+0.1	—	7.27	—	93.33	91.23	90.43	91.50	95.21
10	Other Industrial Materials (18)	363.16	+0.3	9.04	6.22	13.45	362.01	356.13	355.71	352.52	0.00
21	CONSUMER GROUP (198)	268.76	—	13.26	6.12	9.29	268.64	266.14	266.44	267.72	246.26
22	Brewers and Distillers (20)	274.19	−0.1	16.40	7.07	7.35	274.41	272.00	272.64	273.37	278.08
25	Food Manufacturing (21)	263.83	−0.3	15.59	6.45	7.74	264.69	262.64	264.46	266.58	218.89
26	Food Retailing (15)	544.05	—	9.77	3.60	12.37	543.99	540.46	542.81	545.25	453.63
27	Health and Household Products (7)	349.57	−0.1	8.98	4.59	13.09	349.95	349.60	350.55	354.63	248.61
29	Leisure (24)	422.35	−0.2	9.57	5.21	12.99	423.31	420.92	417.60	415.26	361.45
32	Newspapers, Publishing (12)	476.13	—	12.94	6.33	11.19	476.11	476.82	474.57	470.01	443.85
33	Packaging and Paper (13)	131.17	—	15.72	8.22	7.58	131.16	130.08	129.15	127.95	122.06
34	Stores (46)	241.20	+0.5	11.88	5.58	11.30	239.95	237.29	237.48	239.62	255.44
35	Textiles (23)	153.13	+2.5	8.66	6.01	15.80	149.38	148.66	148.88	147.62	122.77
36	Tobaccos (3)	249.67	−0.9	22.77	10.44	5.06	251.92	244.04	243.07	244.77	207.09
39	Other Consumer (14)	251.95	−0.9	6.42	7.17	29.87	254.19	247.46	248.89	249.83	0.00
41	OTHER GROUPS (80)	221.08	−0.3	10.93	6.25	11.82	221.74	219.61	219.48	219.50	223.81
42	Chemicals (16)	290.14	−0.7	5.50	6.19	30.55	292.04	289.01	288.75	290.49	301.62
44	Office Equipment (4)	107.76	+0.4	16.97	8.17	7.05	107.38	104.15	105.24	103.39	104.85
45	Shipping and Transport (13)	495.46	−0.6	21.63	7.46	5.50	498.57	496.36	493.68	496.69	580.50
46	Miscellaneous (47)	280.69	—	12.23	5.66	10.15	280.63	278.66	278.45	277.17	277.14
49	INDUSTRIAL GROUP (487)	288.49	+0.1	11.72	5.54	10.57	288.12	284.98	284.33	285.09	261.13
51	Oils (13)	758.40	−0.4	18.77	7.44	6.03	761.29	755.94	744.41	750.23	1031.92
59	500 SHARE INDEX	326.55	—	13.03	5.89	9.28	326.44	323.12	321.60	322.76	321.99
61	FINANCIAL GROUP (119)	257.07	+0.1	—	5.91	—	256.76	255.53	253.86	255.17	246.38
62	Banks (6)	281.95	+1.1	31.67	6.68	3.72	278.77	275.47	272.47	273.99	249.23
63	Discount Houses (9)	254.85	+1.8	—	8.69	—	250.35	249.61	250.74	249.79	298.52
64	Hire Purchase (3)	222.80	+1.5	13.96	8.30	9.92	219.48	215.57	215.89	215.89	220.68
65	Insurance (Life) (9)	257.58	−0.2	—	6.21	—	258.20	256.44	255.97	256.72	255.72
66	Insurance (Composite) (10)	163.14	+0.2	—	8.21	—	162.77	163.35	160.81	162.83	157.72
67	Insurance Brokers (8)	418.80	−2.0	11.12	5.78	12.18	427.30	429.15	424.98	421.51	337.11
68	Merchant Banks (12)	150.26	+0.1	—	5.43	—	150.05	149.14	151.59	152.57	161.66
69	Property (50)	458.61	−0.5	4.53	3.13	29.71	461.14	459.31	456.75	458.58	462.94
70	Miscellaneous (12)	172.21	+0.7	17.50	6.12	6.99	171.03	169.34	171.11	171.28	171.35
71	Investment Trusts (110)	287.24	+0.5	—	5.62	—	285.73	282.34	284.06	283.22	294.05
81	Mining Finance (4)	238.54	+1.9	14.44	5.94	8.33	234.05	228.08	227.48	230.77	250.62
91	Overseas Traders (17)	413.34	+0.2	12.76	7.70	9.56	412.70	413.19	414.71	411.22	442.44
99	ALL-SHARE INDEX (750)	310.80	+0.1	—	5.91	—	310.41	307.47	306.17	307.26	306.66

FIXED INTEREST

	PRICE INDICES	Thurs., Nov. 26	Day's change %	Wed. Nov. 25	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	106.21	−0.08	106.29	—	9.74
2	5-15 years	103.39	−0.41	103.82	—	11.21
3	Over 15 years	105.13	−0.46	105.61	—	12.60
4	Irredeemables	113.72	−0.48	114.27	—	13.50
5	All Stocks	104.62	−0.32	104.96	—	11.12
6	Debentures & Loans	80.89	−0.14	81.01	—	10.60
7	Preference	60.10	+0.29	59.93	—	6.68

	AVERAGE GROSS REDEMPTION YIELDS		Thurs., Nov. 26	Wed. Nov. 25	Year ago (approx.)
	British Government				
1	Low	5 years	13.22	13.17	11.64
2	Coupons	15 years	13.49	13.40	11.62
3		25 years	13.44	13.35	11.62
4	Medium	5 years	15.44	15.34	13.14
5	Coupons	15 years	15.29	15.20	13.33
6		25 years	14.77	14.69	13.05
7	High	5 years	15.34	15.22	13.16
8	Coupons	15 years	15.51	15.41	13.55
9		25 years	15.03	14.96	13.24
10	Irredeemables†		12.93	12.86	11.22
11	Debs & Loans	5 years	16.09	16.06	14.11
12		15 years	15.99	15.97	13.95
13		25 years	15.99	15.96	13.78
14	Preference†		16.49	16.52	14.58

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.;
The Stock Exchange, London EC2N 1HA 588 2800

L&C Inc. Fund	162.3	167.4	.....	8.96
L&C Intl & Gen Fd	135.6	139.8	.....	1.58

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	95.8	101.4	+0.1	4.44
Equity Acc.	131.4	142.1	+0.2	4.44
Gilt	110.9	116.7xd	+1.4	8.23

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	121.4	128.8	.....	0.42
Leo Accum.	144.1	152.4	.....	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	73.2	78.7xd	+0.4	4.78
Do. (Accum.)	114.8	123.4	+0.5	4.78
Energy Int.	45.8	49.2	−0.1	1.97
Do. (Accum.)	46.5	50.0	−0.1	1.97
Extra Income	59.1	63.5xd	+0.4	9.60
Do. (Accum.)	84.0	90.3	+0.4	9.60
Income	94.6	101.7xd	+0.6	7.26
Do. (Accum.)	155.9	167.6	+1.0	7.26
Int. Technology	78.4	84.3xd	−0.4	0.57
Do. (Accum.)	79.8	85.8	−0.6	0.57
N. American & Gen.	50.5	54.2	−0.3	1.26
Do. (Accum.)	51.4	55.2	−0.4	1.26
Pacific Basin	47.1	50.6	.....	1.00
Do. (Accum.)	47.1	50.6	.....	1.00
Small Cos. & Recy.	56.2	60.4xd	.....	2.89
Do. (Accum.)	58.9	63.3	.....	2.89
Worldwide Gwth.	87.0	93.5	+0.1	2.33
Do. (Accum.)	116.1	124.8	+0.2	2.33
Exempt Nov 3	104.9	110.4	.....	8.26

⊕Unauthorised. For tax exempt funds only.

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	271.0	285.2	.....	4.13

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Oct. 31		154.35	.....	6.80
Wider Fund Oct. 31		263.35	.....	5.27
Narrower Fd. Oct. 31		69.35	.....	14.72

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588.

American	70.9	76.2	−0.4	2.27
(Accum. Units)	76.7	82.5	−0.4	2.27
American Recovery	76.9	82.5xd	−0.4	1.38
(Accum. Units)	80.2	85.8	−0.4	1.38
Australasian	90.1	96.8	+0.5	1.89
(Accum. Units)	85.2	91.2	+0.5	1.89
Commodity	124.6	133.3	+1.4	3.66
(Accum. Units)	147.9	158.3	+1.6	3.66
Compound Growth	176.9	192.8	+1.2	3.49
Conversion Growth	120.5	128.9	+0.2	2.75
Conversion Income	75.4	80.7	+1.0	9.23
Dividend	128.6	138.9xd	+2.4	9.38
(Accum. Units)	306.1	330.6	+5.8	9.38
European	58.8	62.9	+0.1	3.57
(Accum. Units)	65.4	70.0	+0.1	3.57
Extra Yield	81.6	88.9	+1.3	10.01
(Accum. Units)	137.4	149.8	+2.2	10.01
Far Eastern	115.8	123.9	−0.4	1.52
(Accum. Units)	133.3	142.6	−0.5	1.52
Fund of Inv. Tsts.	88.9	95.9xd	+0.4	5.14
(Accum. Units)	123.3	134.4	+0.7	5.14
General	234.8	252.4	+2.7	6.17
(Accum. Units)	414.7	445.8	+4.8	6.17
Gilt Income	44.5	46.7xd	+0.4	12.97
(Accum. Units)	48.3	50.7	+0.4	12.97
High Income	111.6	119.4	+1.8	9.21
(Accum. Units)	230.2	246.3	+3.7	9.21
Japan	196.5	210.3xd	−3.0	0.74
(Accum. Units)	207.3	221.8	−3.3	0.74
Magnum	333.6	352.0	+4.9	5.38
(Accum. Units)	466.8	495.6	+6.9	5.38
Midland	160.8	172.1xd	+1.3	8.69
(Accum. Units)	330.4	353.5	+2.8	8.69
Recovery	122.8	132.6	+0.8	4.81
(Accum. Units)	139.4	150.6	+0.9	4.81
Second General	252.9	271.9	+2.2	5.40
(Accum. Units)	428.7	460.9	+3.7	5.40
Smaller Companies	263.9	282.4	+1.9	4.68
(Accum. Units)	366.4	392.0	+2.7	4.68
Specialised Funds				
Trustee	171.5	185.2xd	+1.8	7.13
(Accum. Units)	401.2	433.3	+4.2	7.13
Charibond Nov. 24		88.1xd	.....	14.44
Charifund Ex. Nov. 24	156.3	158.7xd	.....	9.11
Pnsion Ex. Nov. 23	174.2	183.8xd	.....	7.16

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Gilt&Fxd Int.	53.3	54.4	.....	5.13
Growth Units	60.9	65.2	.....	4.72

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Income Nov. 16	106.3	111.8	.....	9.16
General Nov. 16	78.0	82.1	.....	4.88
Intl. Nov. 16	60.7	63.8	.....	3.50

McAnally Fund Management Ltd.
Regis Hse., King William St., EC4. 01-623 4951

Delphi Inc. Tst. Acc.	35.8	37.6	+0.9	8.97
Delphi Inc. Tst. Inc.	24.3	27.0	+0.6	8.97
Glen Fund Acc.	106.4	113.2	.....	4.42
Glen Fund Inc.	73.6	78.3xd	.....	4.42

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Gen. Dist.	81.5	86.6	.....	4.44
Gen. Acc.	119.3	126.9	−0.1	4.44
Inc. Rec.	47.6	50.6xd	+0.2	8.21
Intl. Dist.	94.6	100.4	−0.1	3.70

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	94.4	101.5xd	.....	4.08
Income Fund	66.4	71.3	.....	10.51

Prices on Nov. 13. Next dealing day Nov. 30.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

International Funds				
Capital	48.3	51.9	+0.2	2.69
I.T.U.	34.1	36.6xd	+0.1	4.05
Select International	360.3	387.4xd	+0.6	1.70
Univ. Growth	90.1	96.8xd	−0.2	0.72
Increasing Income Funds				
High-Yield	55.0	59.1	+0.5	8.40
Select Income	58.5	62.9	+0.8	6.74
High Income Funds				
Gilt & Fxd. Int. Inc.	45.5	47.9	−0.1	13.02
High Return	63.5	68.2	+0.4	8.71
Income	40.1	44.1	+0.1	10.75
U.K. Funds				
Gilt & Fxd. Int. Grth.	50.9	51.5	−0.1	5.02
UK Equity	61.2	65.8	+0.2	4.41
Overseas Funds (z)				
Europe	78.7	84.6xd	+0.1	1.45
Japan	132.0	141.9	.....	0.20
S.E. Asia	83.7	90.0	−0.3	0.68
U.S.	118.2	127.0	.....	0.73
Sector Funds				
Commodity	130.2	140.0	+0.2	3.30
Energy	138.3	148.7	.....	1.30
Exploration Fund (z)	38.5	41.3	−0.1	0.25
Financial Secs.	107.7	115.8	+0.3	2.54
New Technology (z)	47.1	50.6	−0.1	0.25
Fixed-Interest Fund (z)				
Intl. Bond Fd.	60.6	64.8	.....	2.26
Exempt Funds				
Exempt Income*	178.3	788.2xd	.....	8.03
Exempt Intl.*	367.0	387.4xd	.....	0.64

Prices at Nov. 25. Next sub. day Dec. 9.

Scotbits Securities Ltd.

Scotbits	49.8	53.5	+0.1	4.25
Scotyield	51.1	54.9	+0.2	7.88
Scotshares	85.2	91.6	+0.8	4.46

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	175.4	188.6xd	−1.2	2.47
(Accum. Units)	230.2	247.5	−1.6	2.47
Income Fnd.	234.0	251.6	+0.6	7.70
(Accum. Units)	413.2	444.2	+1.0	7.70
Gen.	136.8	147.0	−0.6	3.86
(Accum. Units)	188.4	202.5	−0.7	3.86
Europe	22.8	24.5xd	.....	2.78
(Accum. Units)	27.5	29.5	.....	2.78
Smaller Co.'s	152.5	163.9	−1.1	2.55
American	53.4	57.4xd	−0.7	0.48
(Accum. Units)	53.5	57.5	−0.7	0.48
Tokyo	58.5	62.9	−1.0	0.17
(Accum. Units)	58.5	62.9	−1.0	0.17
Gilt & Fixed	44.8	47.1	−0.2	12.53
(Accum. Units)	47.1	49.5	−0.2	12.53
Australian	50.0	54.3	+0.4	3.79
(Accum. Units)	50.4	54.7	+0.5	3.79
Singapore & Malay	47.5	51.0	.....	1.23
(Accum. Units)	47.5	51.0	.....	1.23
*Ph. & C. Fd. Nov 17.	241.0	259.1	.....	6.34
*Recovery Nov. 24	295.1	317.3	.....	4.18
*Spec. Ex. Nov. 24	454.8	489.0	.....	2.09
Eura. Except. Nov. 17.	110.3	118.6	.....	2.64

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	103.2	111.4	+0.2	5.70

Scottish Equitable Fund Mgrs. Ltd.
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	62.9	66.9	.....	4.63
Accum. Units	83.1	88.4	.....	4.63

Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.

For Security Selection see McAnally Fund Management.

Scottish Widows' Fund Management
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000

Pegasus Tst. Nov 26	90.2	96.9	+0.9	—

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

SIMCO Call Fund†	100.0	—	.....	15.24
SIMCO 7-Day Fund†	100.0	—	.....	14.91
SIMCO $ Fd. (7 day)†	US$10.00	—	.....	11.37

†Unauthorised—Cash Deposit Funds.

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†American Fund	97.7	103.8	−1.0	2.00
Accum. Units	105.6	112.2	−1.1	—
Withdrawal Units	81.3	86.5	−0.8	—
*British Capital	219.6	235.9	.....	6.40
Accum. Units	226.9	242.5	.....	—
**European Fund	52.4	63.5	.....	2.07

Deal. †Tues. & Fri. *Wed. **Mon. & Thur.

Sun Alliance Insurance Group,
Sun Alliance Hse., Horsham. 0403 64141

Ex. Eq. Nov. 11	£336.50	354.3	.....	4.81
The Family Fund	139.8	148.7	+0.1	4.72

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99¾	95⅜	Treas. 8¼pc '80-82‡‡	99¾	+⅛	8.57	14.14
97⅝	91⅞	Treasury 3pc '82‡‡	97⅝	+⅛	3.07	14.09
107	99¼	Treasury 14pc '82‡‡	99⅝	......	14.03	14.35
99⅞	98⅞	Treas. Variable '82‡‡	99⅝xd	......	13.89	15.01
96⅝	93⅝	Treasury 8¼pc '82	96⅝	......	8.54	14.17
95⅞	92⅞	Exch. 9¼pc 1982	96⅛	......	9.62	14.31
95¼	92⅝	Exch. 8¾pc 1983	95¼	......	9.19	13.42
92¼	84⅞	Exch. 3pc 1983	89¾	......	3.34	12.13
99⅞	95	Treasury 12pc 1983‡‡	97⅛	......	12.35	14.45
99⅝	96¼	Treas. Variable '83 ‡‡	99½	......	14.38	14.69
93⅝	90⅛	Treasury 9¼pc '83	93⅝	......	9.87	13.85
101⅞	95⅛	Exch. 13½pc '83	98	......	13.78	14.69
94⅞	89¼	Exch. 10pc 1983	92¾xd	......	10.82	14.47
88⅛	83½	Funding 5½pc '82-84‡‡	85½	−⅛	6.43	13.50
96¾	90	Exch. 11¼pc 1984	92¾	−⅛	12.12	15.11
105⅞	95¼	Exchequer 14pc 1984	98¼	−¼	14.24	14.89
82⅝	77	Exch. 3pc 1984	79¼xd	......	3.79	12.77
98⅝	90⅛	Treasury 12pc 1984	93⅝	−¼	12.85	14.91
107¼	95⅞	Treasury 15pc 1985	98⅞	−¼	15.17	15.38
96⅞	88¼	Exch. 12pc Cnv. '85	91½	−¼	13.11	15.34
76	71	Treasury 3pc 1985	72⅝	−⅛	4.14	13.15
96⅞	85¼	Treasury 11½pc 1985	88⅝	−⅛	12.97	15.70
98⅞	87⅝	Exch. 12¼pc 1985	91⅝	−¼	13.40	15.21
97¼	84⅞	Exch. 11¾pc '85	88½	−¼	13.27	15.49
70⅞	65¼	Treasury 3pc 1986	68⅝	−⅛	4.38	12.43
97⅞	89½	Treasury 12pc '86	89½xd	−¼	13.46	15.44
88⅞	76½	Treasury 8½pc '84-86‡‡	81½	−¼	10.42	14.06
40⅛	39½	Exch. 14pc 1986a(£40 pd)	39¾	−¼	14.65	15.33

Five to Fifteen Years

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103⅞	92⅛	Exch. 13¼pc 1987	97⅞	−⅜	14.23	15.18
81¼	71¼	Funding 6½pc '85-87‡‡	75¼	−¼	8.69	13.14
99½	81½	Treas. 12pc 1987	87½	−⅜	13.83	15.49
81½	72¼	Treasury 7¾pc '85-88‡‡	77½	−¼	10.35	13.93
65½	56⅝	Transport 3pc '78-88	61¾xd	−¼	4.83	11.34
92¾	79½	Treasury 11½pc 1989	85½	−⅜	13.94	15.59
67¼	59⅝	Treasury 5pc '86-89	64¼	−¼	7.85	12.33
101½	89½	Treasury 13pc 1990‡‡	94	−⅜	14.57	15.34
95⅞	81⅝	Exch. 12½pc 1990	87⅝	−⅜	14.64	15.70
80⅞	70⅛	Treasury 8¼pc '87-90‡‡	72	−¼	11.39	13.87
93½	79½	Treasury 11¾pc 1991	85⅝	−⅜	14.48	15.68
66¼	57	Funding 5¾pc '87-91‡‡	61¼	−¼	9.51	13.25
90	72⅞	Exch. 11pc 1991	78½	−⅜	14.19	15.50

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64	57¼	Agric. Mt. 5pc '59-89	61¼	......	8.43	13.81
29½	23¾	Met. Wtr. 3pc 'B'	26¼	......	11.51	13.88
114	97	U.S.M.C. 9pc 1982	100	......	9.00	—
97¾	91	Do. without Warnts.	96½	......	9.34	—

Financial

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101½	94¼	FFI 14pc '83	97¼	......	14.40	15.63
94½	88½	FFI(UK Fn)5½pcDb. '80-2	94	......	5.92	15.34
83½	77	Do. 6¼pcDb. '81-84	80½	......	7.79	14.69
93	84½	Do. 10½pc Uns.Ln. '86	89	+½	12.38	15.60
92	80	Do. 11pc Uns.Ln. '88	85½	+½	13.56	15.10
92	80	Do. 11¾pc Uns.Ln '90	85½	+½	14.56	16.10
94½	78½	Do. 12½pc Un. Ln. 1992	85	......	15.13	16.00
64½	54½	Do. 7¾pcADeb. '89-92	56½	−½	12.03	15.54
62	51½	Do. 7¾pcADeb. '91-94	56½	−½	13.17	15.38
72½	59½	Do. 9pc 'A' '91-94	65½	−½	14.13	15.64
70	56½	Do. 8¾pcLn. '92-97	62½	......	14.80	15.93

Building Societies

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅛	98⅛	N'wide 14¾pcBd11.8.82	100	....	14.75	—
100	98	Do. 14¾pc Bds 25.8.82	100	......	14.75	—
100½	98⅛	Do. 15¾pc Bds. 29.9.82	100½	......	15.29	—
101	92	Do. 16¼pc Bds. 27.10.82	101	......	16.09	—

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
95	58	Antofagasta Rly.	70	......	—	—
55	53½	Do. 5pc Pref.	54	......	—	—
98	98	Chilean Mixed	98	......	3	13.1
28	14	Chinese 4½pc 1898	17	......	—	—
22	11	Do. 5pc 1912	13	......	—	—

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

CANADIANS—Continued

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	......	Q2.5c	—	3.5
41	14	ACM 20c	[illegible]	+1	—	—	—
21	8	Argosy Gold NL 25c	[illegible]	......	—	—	—
229	134	Bond Corp.	[illegible]	+6	Q10c	2.3	4.3
112	65	Bougainville Mining	74	+5	[illegible]	1.8	[illegible]
302	160	CRA 50c	[illegible]	+4	Q19c	1.7	6.6
25	9	Canada Northwest	9		—	—	—
35	11	Carr Boyd 20c	14	+1	—	—	—
415	43	Central Pacific	[illegible]	....	—	—	—
35	3	Cons. Gold Min. N.L. 25c	[illegible]		—	—	—
47	13	Coltus Pacific N.L.	17	+1	—	—	—
68	22	Eagle Corp. 20c	[illegible]		—	—	—
40	18½	Endeavour 20c	20	......	—	—	—
560	310	G. M. Kalgoorlie [illegible]	360	[illegible]	[illegible]	0.9	5.5
25	6½	Great Eastern	[illegible]	−½	—	—	—
185	63	Greenbushes Tin 50c	65	...	Q6c	1.5	5.6
275	130	Hampton Areas 10c	[illegible]	+2	[illegible]	[illegible]	2.1
168	30	Haoma Gold N.L.	[illegible]	......	—	—	—
85	17	Intl. Mining	[illegible]		—	—	—
118	24	Kimberley [illegible]	32	+2	—	—	—
15	8½	Kalbara Min 20c	[illegible]		—	—	—
245	100	Kitchener N.L. 25c	115	+5	—	—	—
105	15	Leichardt Expln.	18	+2	—	—	—
430	275	Meekatharra	330	−10	—	—	—
70	36	Metals Ex. 50c	42	+2	Q3c	1.7	4.4
38	19	Metramar Mins. 20c	19	.....	—	—	—
20	8	Mid East Mins. NL.	9	.....	—	—	—
290	180	M.I.M. Hldgs. 50c	200	+6	Q15c	ϕ	4.7
57	21	Mincorp 20c	25	......	—	—	—
21	7½	Minefields Expl. 25c	9	......	—	—	—
20	13	Newmetal 20c	18	......	—	—	—
69	27	Nickelore N.L.	35	+3	—	—	—
204	147	North B. Hill 50c	[illegible]	+1	Q15c	[illegible]	7.0
64	50	Nth. Kalgurli	77	+3	—	—	—
200	94	Nth. Mining Corp.	[illegible]	+2	ϕ	—	—
122	19	N. West Mining N.L.	[illegible]	......	—	—	—
150	106	Oakbridge 50c	[illegible]	+1	Q6½c	[illegible]	[illegible]
185	85	Otter N. L.	93	......	—	—	—
188	98	Pacific Copper	104	−2	—	—	—
*423	126	Pancont'l 25c	145	......	—	—	—
88	42	Paringa Mng.&Ex. 5p	62	......	—	—	—
525	305	Peko-Wallsend 50c	[illegible]	+10	Q15c	—	2.7
43	16	Petcart Res NL	29	+4	—	—	—
120	52	Seltrust A	53	−3	—	—	—
157	18	Southern Pacific	29	−1	—	—	—
100	40	Swan Resources 20c	[illegible]	.....	—	—	—
316	60	Vulcan Mins 20c	70	......	—	—	—
18½	7½	West Coast 25c	8½	−½	—	—	—
130	70	Westn. Cent 50c	70		—	—	—
335	222	Westn. Mining 50c	250	+8	Q14c	[illegible]	3.6
27	10	Wesmex	11	......	—	—	—
76	36	Whim Creek 20c	42	......	—	—	—
101	21	York Resources	23	......	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	7½	Amal Nigeria 1p	7½	......	[illegible]	—	—
300	210	Ayer Hitam SM1	[illegible]	...	[illegible]	[illegible]	14.0
210	98	Geevor	160	.....	—	—	—
12	8	Gold & Base 12½p	11	.....	—	—	—
660	470	Gopeng Cons.	495	+10	[illegible]	[illegible]	[illegible]
450	310	Hongkong	325	+5	[illegible]	[illegible]	[illegible]
160	110	Idris 10p	155ϕ	.....	[illegible]	[illegible]	‡
*29	10	Jantar 12½p	22	.....	[illegible]	[illegible]	[illegible]
98	60	Kamunting SM0.50	[illegible]	+3	[illegible]	[illegible]	[illegible]
665	363	Killinghall SM1	515	.....	[illegible]	[illegible]	[illegible]
114	68	Malaysia Mng. 10c	97	−2	[illegible]	[illegible]	6.2
68	30	Pahang	40	.....	[illegible]	[illegible]	‡
185	90	Pengkalen 10p	105	+3	[illegible]	—	2.7
380	290	Petaling SM1	310	......	[illegible]	[illegible]	‡
25	19	South Crofty 10p	[illegible]	......	—	—	—
225	185	Sungei Besi SM1	210	......	[illegible]	[illegible]	[illegible]
185	90	Supreme Corp. SM1	100	.....	[illegible]	[illegible]	3.7
118	100	Tanjong 15p	160	.....	[illegible]	[illegible]	5.0
90	60	Tongkah H. Tin 15p	[illegible]	+5	[illegible]	[illegible]	7.3
410	220	Tronoh SM1	250	......	[illegible]	[illegible]	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	290	......	†Q45c	4.7	8.9

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	25	Anglo-Dominion	25	......	—	—	—
25½	12	Burma Mines 10p	14	......	0.75	[illegible]	7.7
330	85	Colby Res. Corp.	125	......	—	—	—
330	200	Cons. Murch. 10c	[illegible]	......	[illegible]	[illegible]	6.9
10	6	††Exploura Gold	[illegible]	......	—	—	—
98	47	††Hemerdon 10c	[illegible]	......	—	—	—
180	65	Highwood Res.	[illegible]	−5	—	—	—
505	250	Northgate C$1	275	+10	—	—	—
633	372	R.T.Z.	[illegible]	−15	16.0	[illegible]	4.9
£130½	£93½	[illegible]	£105½	+2½	[illegible]	—	[illegible]
103	13	††SPO Minerals 10p	24	......	—	—	—
47	18	Sabina Inds. C$1	[illegible]	+3	—	—	—
44	21	‡Southwest C. 10p	[illegible]	......	—	—	—
650	465	Tara Exptn. $1	563	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ∅ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✝ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∥ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. r Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	40	......	Conv. 9% '80/82	£99⅝	......
Bertrams	17	+½	Nat. 9¾% 84/89	£79	......
Bdg'wtr. Est. 50p	405	......	Fin. 13% 97/02	[illegible]	......
Craig & Rose £1	[illegible]	......	Alliance Gas	70	−9½
Finlay Pkg. 5p	23½	......	Arnott	[illegible]	......
Graig Ship. £1	£21	......	Carroll (P.J.)	[illegible]	......
Higsons Brew	78xd	+5	Concrete Prods.	90	......
Holt (Jos) 25p	525	......	Heiton (Hldgs.)	24	......
I.O.M. Stm. £1	150	......	Irish Ropes	[illegible]	......
Pearce (C. H.)	700	......	Jacob	62	......
Peel Hldgs.	123	+3	T.M.G.	[illegible]	......
Sheff. Refrshmt.	89	......	Unidare	56	......
Sindall (Wm.)	[illegible]	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	House of Fraser	[illegible]	Utd. Drapery	6½
BOC Intl.	[illegible]	I.C.I.	[illegible]	Vickers	15
B.S.R.	[illegible]	"Imps"	5	Woolworths	4½
Babcock	9	I.C.L.	5	**Property**	
Barclays Bank	[illegible]	Ladbroke	[illegible]	Brit. Land	7
Beecham	[illegible]	Legal & Gen.	[illegible]	Cap. Counties	10
Blue Circle	[illegible]	Lex Service	9	Land Secs.	30
Boots	[illegible]	Lloyds Bank	20	MEPC	20
Bowaters	17	"Lots"	[illegible]	Peachey	15
Brit. Aerospace	27	London Brick	[illegible]	Samuel Props.	13
B.A.T.	20	Lucas Inds.	[illegible]	Town & City	2¼
Brown (J.)	6	"Mams"	[illegible]	**Oils**	
Burton Ord.	12	Mrks. & Spncr	[illegible]	Brit. Petroleum	28
Cadburys	6	Midland Bank	[illegible]	Burmah Oil	[illegible]
Courtaulds	5½	N.E.I.	[illegible]	Charterhall	6
Debenhams	7	Nat. West. Bank	[illegible]	KCA	12
Distillers	16	P & O Dfd.	[illegible]	Premier	7
Dunlop	6½	Plessey	[illegible]	Shell	28
Eagle Star	25	Racal Elect.	[illegible]	Tricentrol	35
F.N.F.C.	4	R.H.M.	5	Ultramar	49
Gen. Accident	30	Rank Org. Ord.	[illegible]	**Mines**	
Gen. Electric	56	Reed Intnl.	[illegible]	Charter Cons.	21
Glaxo	[illegible]	Sears	5	Cons. Gold	40
Grand Met.	25	Tesco	5	Lonrho	7
G.U.S. 'A'	[illegible]	Thorn EMI	20	Rio T. Zinc	45
Guardian	[illegible]	Trust Houses	[illegible]		
G.K.N.	13	Tube Invest.	[illegible]		
Hawker Sidd.	25	Turner & Newall	[illegible]		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday November 27 1981

BIG THREE REPORT TRADE UPTURN DESPITE PRICE WAR

Oil companies return to profit

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITAIN'S THREE leading oil refining and marketing companies—BP Oil, Shell and Esso—have resumed profitable trading this month after losing money for most of the year.

The turnaround is attributed partly to favourable exchange rate movements and partly to October's price realignment by the Organisation of Petroleum Exporting Countries. Some industry officials predicted yesterday that these factors could mean relatively stable petrol prices over the coming year.

The improvement comes despite a continuing price war at the petrol pumps and a $1.50 (77p) a barrel rise in the cost of North Sea crude in the wake of the Opec realignment.

The large companies stressed yesterday that they had sustained heavy losses in the first nine month of the year and that the present better trading conditions still did not give them a satisfactory return on investment.

But the improvement in their positions contrasted sharply with a claim on Wednesday by Amoco, the U.S.-based group, that for refiners to make a profit petrol prices in the UK needed to rise by at least another 10p a gallon to about 176p to 178p.

Oil companies tried to raise prices by about 4p a gallon at the start of this month but strong competition meant the increases failed to stick.

Mr David Simon, BP Oil's marketing director, said yesterday the company had begun to make operating profits for the first time this year because of the realignment of Opec crudes—which had eliminated the price advantage enjoyed by rival companies buying cheap Saudi Arabian oil — and because of the strengthening of sterling in recent weeks. Crude oil is priced in dollars, and over the past month the pound has risen from around $1.82 to above $1.93. Last night it closed in London at $1.9393.

If sterling maintained its current level and companies' crude costs remained relatively stable, Mr Simon said, he would expect petrol prices to remain fairly steady over the coming year, ranging from about 168p to about 172p for a gallon of four star.

He estimated that the UK oil products market had fallen by about 9 per cent this year, to around 66m tonnes, but there might be a slight rise in 1982 of about 2 per cent. The industrial fuels market was already showing signs of growth and could rise 3 per cent to 5 per cent next year, while petrol sales were likely to remain static.

At the start of this month BP abolished the average 2p a gallon subsidy it had been giving its dealers during the price war but had to reintroduce it—costing the company £1.5m a month—when its competitors kept the subsidy.

Mr Simon said yesterday BP still believed the motorist should be paying somewhat more for petrol, and industrialists rather less for their oil products in view of relative international prices.

Shell strike call, Page 8

Seamen call off strike over P & O closures

By Brian Groom, Labour Staff

The National Union of Seamen yesterday suspended its official strike over closure of P & O's Liverpool - Belfast ferry service after receiving an assurance from the Government that a prospective operator intends to start a new UK flag service on the route in the New Year.

The strike, which lasted 15 hours only, was not total. It nevertheless showed relative success in its aim to halt all P & O ferry services and to cut shipping links between Northern Ireland and the British mainland.

The assurances on the new service originated from the Northern Ireland Office. They were made in a meeting between seamen's union leaders and P & O at the Advisory, Conciliation and Arbitration Service on Wednesday.

The potential operator is not to be named to the union but Acas will act as honest broker by checking the authenticity of the assurances.

The union leaders were optimistic they would shortly be able to call off the action and end the sit-in by 150 men aboard the two P & O Liverpool-Belfast ferries. They first wish to hear from Acas and reach acceptable severance terms with P & O.

The union has been told the operator will be British-based, federated to the General Council of British Shipping and will employ NUS seamen on negotiated rates. The operator plans to begin a servise by April with one passenger, car and freight vessel. It may acquire a second.

The union plans to use its closed-shop power on federated ships to ensure the 150 involved in the sit-in receive the first offer of new jobs.

There was surprise in the shipping industry that anyone was prepared to take over the route. P & O lost more than £1m on the route in the year to its closure on November 11.

Mr Jim Slater, NUS general secretary, said after his executive voted 13—1 to suspend the strike, that it had taken P and O and the Government to the bring and won assurances to preserve Merseyside jobs.

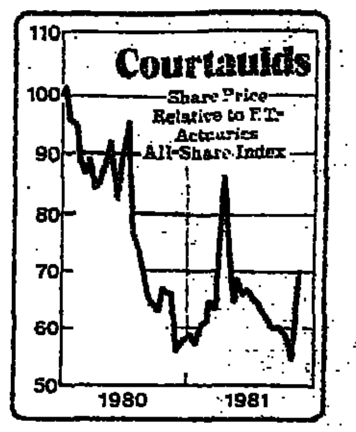
There was dispute between P and O and the union about the level of support for the strike. The strike was further confused by its sudden suspension.

P & O claimed that of its 17 ferries the three operating the Orkney and Shetland routes were not stopped. The cross-Channel ferry Dragon sailed from Southampton. P & O also claimed late in the afternoon that the Pointer on its Ardrossan-Belfast route had kept sailing.

THE LEX COLUMN

Courtaulds moves out of reverse

Index fell 0.1 to 526.1



Courtaulds' headquarters is not exactly decked out with bunting but there is plenty of solid good news in the group's interim statement. Demand in the home market has stabilised in the six months to September and although domestic sales are down 6¼ per cent and exports are 14 per cent lower over the first half of 1980-81, much of this decline reflects the deliberate shedding of business through Courtaulds' own capacity closures. The closure programme is beginning to bear fruit with a £10m turnround from the second half of last year at the trading level in the UK, which is now just in the black. Sales volume per employee is beginning to edge up.

Last year's £70m cash inflow has brought a £5m fall in the interim interest charge, while the overseas businesses are going very strongly. Their trading profits are up by more than half, an improvement which owes little to the exchange rate — International Paint came in yesterday with a particularly glossy advance in pre-tax profit from £11.8m to £16.5m. For Courtaulds as a whole, all this adds up to £20.5m pre-tax, against £2.8m, no further extraordinary write-offs, an interim dividend of a penny a share and a steady cash position.

Yet the level of business in the UK is still dire: Courtaulds reports "no material improvement" in demand, expects pressure on retail spending in 1982 and has not pushed proper price rises through for 2½ years.

At present it looks as though the group should beat £50m pre-tax for the year, while the traditional relationship of interim dividend to final suggests a total payout of around 3p. This would give a yield of 6½ per cent on the shares at 69p, up 3p yesterday, and a p/e of seven times or so on the group's high tax charge. That sedate-looking rating does not even hint at the dynamic of Courtaulds' position — the potential for profits growth once slightly better conditions in the UK begin to widen those threadbare margins.

ICI

The ICI chairmanship decision caused few ripples in the City: the share price was unchanged on news that Mr John Harvey-Jones had won the vote, then edged 2p lower to 284p by the close. Perhaps one man will not have any great impact on ICI's fortunes; still, Mr Harvey-Jones will hope for better luck than Sir Maurice Hodgson, still chairman until March, whose three-year tenure has coincided with the calamitous slump in the UK chemicals market, and the decision to cut the dividend.

ICI remains a company where a great deal still needs to be done. The share price range for 1981 of 330p-226p is almost identical to the adjusted 332p-220p of 1971 and in the intervening period the value of money has dropped by almost three-quarters. Mr Harvey-Jones has a reputation for being more radical and outspoken than his peers at ICI, characteristics which could prove valuable given that the group probably still has to undergo substantial structural shifts out of commodity-type areas into more specialist fields. He has years of experiencein fibres, for a long time the toughest end of the business. And Mr Harvey-Jones, at 57, is young enough to serve for longer than other recent ICI chairmen, whose three-year terms have encouraged the view in the stock market that the group has lacked strategic perspective at the top.

His promotion comes as the group appears to be emerging from the worst phase in the UK market. But the distress signals now emanating from the U.S. chemicals industry suggest that there will be plenty of challenges ahead, given that three-fifths of ICI's sales are made overseas.

Cement bid

Takeover bids have a way of bringing out the best in companies, and Thos W. Ward's preliminary figures certainly look a lot better than the market had been expecting before last week's unwelcome offer from RTZ. Pre-tax profits have risen from £15.6m to £18m, and the dividend is to go up by a fifth—much more than had been indicated earlier in the year. A further increase in dividends is expected in 1981-82.

All this helped to push the shares above 180p yesterday, which is a crucial level for the defence. Under the dawn raid rules, RTZ would be able to buy Ward shares in the market from today if they were to fall below this point, to add to its existing shareholding of 14.9 per cent. Ward closed at 186p, a rise of 56 per cent in just over a week, and the yield now is 5.8 per cent.

All Ward's profits improvement comes from its cement side, notably its associates Ribblesdale and Tunnel. The rest of the business is still in a pretty rough state, with £190m of turnover producing just £2.2m of pre-interest profits. The outcome of the bid may well hang on Ward's ability to show that these returns can be improved. The early betting is that RTZ will win the day—but perhaps at a higher price.

If it does, it will then bid for the outstanding shares in Tunnel, which also produced figures yesterday. Its interim profits are up from £7.5m to £8.8m, again mainly thanks to associates. Its mainstream activities are holding up well, too and overall profits for the year could be about a sixth higher at roughly £18m pre-tax. The market capitalisation at 510p is over £120m and the prospective yield is at least 5.1 per cent.

Unilever

Unilever has come up with a sensible answer to the rigidities of its Anglo-Dutch dividend agreement, which led to an embarrassing cut in its UK dividend early this year. Had the rules it is now suggesting then been in force, the board could have held its UK payout without being obliged to raise the guilder equivalent by as much as the depreciation of the guilder (quite unjustified by inflation differentials) required. It could have declared an appropriate guilder payout and credited the rest of the prescribed dividend to an equalisation reserve. Safeguards are proposed to prevent this reserve — as it were, an accumulated discrepancy — from reaching a material size.

This differential procedure could also be used to handle voluntary dividend restraint, such as the Dutch seem fond of. But it is made quite clear that the old Equalisation agreement remains the rule: departures from it should be rare, and must be fully explained by the board.

Japanese to reduce truck exports

BY JOHN GRIFFITHS

JAPANESE MOTOR industry leaders have agreed further to restrain shipments of light commercial vehicles to the UK.

This should lead during the next few months to a drop in the 19 per cent Japanese share of the light commercials market as stocks present in the country are sold off.

The agreement was reached during two days of talks in London between the Society of Motor Manufacturers and Traders (SMMT) and the Japanese Automobile Manufacturers Association (Jama).

Sales of Japanese cars have hovered slightly above the 11 per cent market share regarded as the appropriate ceiling under the Anglo-Japanese "prudent" marketing agreement. But a surge in commercial vehicle sales this year has worried the UK industry.

The British had expected that the share taken by Japanese commercials this year would not rise above 11 per cent. During talks with Jama at Sapporo, Japan, in July, when the Japanese share was over 16 per cent, the British indicated that the two sides could be heading for a confrontation.

Since then "shipments have been dramatically reduced compared with the first half of the year," Mr Geoffrey Moore, SMMT president, said yesterday.

Just under 26,000 light commercials—mainly vans and pick-up trucks—were shipped in the first 10 months of the year, 4,000 fewer than in the same period of 1980. This volume is sufficient to give the Japanese a market share close to 19 per cent if all were to be sold this year.

However, this disguises the fact that shipments have almost come to a halt since the Sapporo talks. None were shipped in August, only 85 in September and the current inflow is down to a trickle.

Before any major new shipments, sales of existing stock can be expected to spread into next year to bring them back within the "prudent" marketing guidelines.

As a result, said Mr Moore, "we do not expect any repetition of the high levels seen in early 1981." Since July, "registrations have been far higher than shipments so there has been a major reduction in stocks."

He said an expression of Jama's co-operation is reflected in the latest car sales figures. Japanese car sales in Britain during November were expected to take less than 8 per cent of the market. If this continued in December, Japan's market share would fall below the unofficial 11 per cent ceiling.

The SMMT forecast yesterday that the UK car market next year will be between 1.52m and 1.55m units against 1.49m this year and that for light commercials about 170,000-175,000 against this year's expected 165,000.

Jama and the SMMT will review these forecasts in March, but the Japanese have agreed to use them as the basis for their "prudent" marketing plans.

Neither side gave any indication how much longer such agreements may continue. They began in 1975 and were intended for a limited duration while the UK industry restructured itself.

Japanese pork imports, Page 5

Foreign bids sought by Telecom

By Jason Crisp

BRITISH TELECOM has asked companies from Japan, the U.S. and the Continent to tender for a central telephone exchange contract potentially worth more than £500m.

It is the first time such an important tender has been offered to companies other than the three traditional UK suppliers—Plessey, GEC Telecommunications and Standard Telephones and Cables — which are also competing for the contract.

The move comes less than two months after the passing of the British Telecommunications Act liberalising the telephone monopoly. It is seen in the industry as a significant effort to shake up the cosy relationship British Telecom has had with its suppliers.

The tender is for the provision of equipment to enhance the current generation of telephone exchanges, giving customers the facilities which will eventually be available on the new family of digital exchanges, System X.

Such facilities include abbreviated dialling, repeat dialling of the last number called, automatic reminder calls, automatic call diversion and three party conferences.

Initially, British Telecom has asked 11 manufacturers to quote for the supply of equipment to enhance the facilities on 50,000 exchange lines, which will be part of a pilot scheme.

They include Fujitsu of Japan, Mitel, a fast growing Canadian company which has production in the UK, American Telephone and Telegraph International the U.S. telecommunications giant, General Telephone and Electronics, and the Anglo-Swedish joint venture Thorn-Ericsson.

The companies have to return tenders by the middle of January; a decision is expected within the following two months.

The enhancement required can be done in two basic ways, either by adding on an electronic "black box" to the exchange or, on sophisticated equipment, by providing more advanced computer software.

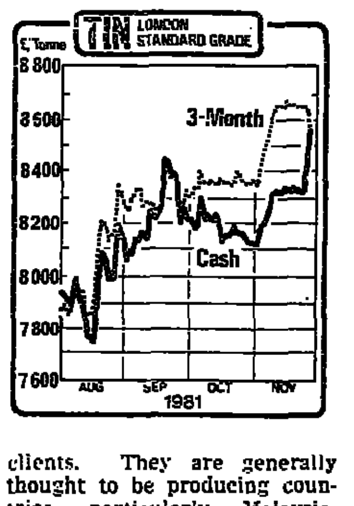
By 1986 British Telecom could have up to 15m exchange lines in the intermediate technology—between electro-mechancial Strowger type exchanges and System X —which could require enhancement. It is likely British Telecom would use both solutions, with the black box enhancing elder type exchanges.

The UK manufacturers already producing TXE4 and TXE4A large local exchanges would be best placed to provide the software

Why the lines are crossed. Page 18

Tin prices unsettled as London dealers change buying tactics

BY JOHN EDWARDS, COMMODITIES EDITOR



A SURPRISE change of tactics by dealers who have pushed tin prices to record levels over the past few months created hectic trading conditions on the London Metal Exchange yesterday and a leap in turnover from an average 1,000 tonnes a day to 36,470 tonnes.

When the dust had cleared the cash tin price—the price paid for immediate delivery—closed £237.5 up at £8.575 a tonne, while the quotation for delivery in three months was £75.5 down at the same figure of £8,575, after falling to £8.400 at one stage.

It is estimated that the dealers concerned "borrowed" (brought cash and simultaneously sold the same amount forward) about 10,000 tonnes of tin, which involves an immediate cash outlay of over £80m.

Tin prices have been pushed up by more than £2,000 a tonne since July in spite of poor consumer demand that has depressed the value of other metals.

Although the dealers buying tin in London and Penang are well known, a mystery surrounds the identity of their clients. They are generally thought to be producing countries, particularly Malaysia, anxious to raise the revenue earned from tin exports which had fallen steeply previously. It is believed they may have also the backing of oil-rich Arab speculators.

Earlier this month the buyers pushed the three months quotation for tin on the London Metal Exchange to a record £8,650 a tonne and have held it for the past two weeks at this figure by consistent support buying.

This support was suddenly withdrawn and the price plummeted. Heavy "borrowing" of cash tin for immediate delivery pushed this price up, however, causing considerable confusion.

It was expected to be quiet because of the Thanksgiving Day holiday in the U.S. and traders noted with some bitterness that the activity was probably quite deliberate. Some felt that trading should have been suspended in view of the pandemonium in the ring.

The sudden change of tactics is surprising since it apparently involves a big outflow of money, which so far the supporters of the market have avoided by mainly trading on margin required for forward transactions. It is estimated they have bought some 50,000 tonnes of tin, currently valued at over £450m, but most of this is on futures contracts requiring only a 10 per cent margin to be put up. Buying cash tin means putting up the whole amount immediately.

Nickel price cut, Page 35

Continued from Page 1

Public spending decision

The Treasury's hope appears to be that it will be able to get the bad news out of the way all at once, and that if the pay round goes well over the winter there may be scope for a less tough Budget than in the past two years.

The detailed total for next year's public spending will be worked out at the weekend from the figures agreed at yesterday morning's Cabinet meeting for individual programmes.

The increase in spending plans cannot at this stage be taken as evidence that the Government looks toward a mild reflation of the economy at the next Budget, a course which many Conservatives favour.

Sir Geoffrey Howe, the Chancellor, will need to consider a number of important extra factors before he can decide what room for manoeuvre he has over tax changes or other measures at the next Budget.

One important aspect would be the effect of a continued donward trend of interest rates on the cost of servicing the national debt.

The last expenditure White Paper estimated that this cost would be £13.7bn in the current financial year. A small change in rates could therefore have an important effect on the public expenditure total.

Sir Geoffrey will have to decide the important question as to whether to raise tax tresholds in line with inflation in accordance with the Rooker-Wise amendment, or risk the unpopularity of leaving holds unchanged for a second consecutive year.

He will also consider whether to acceed to pressure from industry for a reduction of the National Insurance surcharge. Present indications are that this remains an open question, and no announcement is expected on Wednesday.

Continued from Page 1

Policies 'mean stagnation'

present problem was how to deal with a "deep and persistent state of deficient demand."

Its projections suggest that there will be no "invisible hand" of outside forces to generate a recovery in demand. The only alternative would be a reflationary stimulus from the Government.

The institute rejects the Government's main arguments against reflation: that the extra borrowing required to finance it would necessarily raise interest rates, and that an extra twist would be given to the price and wage spiral.

It says that any attempt to restore full employment by reflation would have to be gradual to avoid giving too much of a shock to the system, but adds: "The fact that 'full employment' is not within the immediate grasp of policy does not mean that an improvement in the present situation would not be worth having."

Excessive interest rates could be avoided if the Government were prepared to adjust its monetary targets to accommodate higher real output.

The institute has used its model of the economy to stimulate four methods of injecting a stimulus of £5bn into the economy.

It concludes that such an injection could be made without any resulting increase in prices and that it might even be possible to reduce prices and unemployment simultaneously, if the stimulus were by way of a cut in indirect taxes, or of the employers' national insurance surcharge.

Weather

UK TODAY

SUNNY intervals. Showers in west, mostly dry in east. Temperatures below normal.

London, S.E., S.W. England, E. Anglia
Cloudy with outbreaks of rain, becoming brighter and mostly dry. Max. 9C (48F).

E., N.E. England
Mostly dry. Max. 7C (45F).

Wales, N.W. England, S.W. Scotland, N. Ireland
Sunny intervals, showers. Max. 7C (45F).

S. Scotland
Mostly dry with sunny intervals. Max. 6C (43F).

Rest of Scotland
Mostly cloudy, wintry showers. Max. 5C (41F).

Outlook: Unsettled, rather cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Locarno	S	9	48
Algiers	C	19	66	London	C	10	50
Amsdm.	C	9	48	L. Ang.†	F	9	48
Athens	S	18	64	Luxmbg.	C	0	32
Bahrain		—	—	Luxor	S	22	72
Barclna.	S	14	57	Madrid	S	11	52
Beirut	S	23	73	Majorca	F	18	64
Belfast	C	11	52	Malaga	S	20	68
Belgrd.	F	4	39	Malta	F	18	64
Berlin	C	4	39	Mchstr.	C	10	50
Biarritz	S	10	50	Mx. C.†		—	—
Bmchm.	F	9	48	Miami†	F	20	68
Blackp'l	C	10	50	Milan	S	10	50
Bordx.	S	9	48	Montr'l†	C	−2	28
Boulgn.	C	10	50	Moscow	C	1	34
Bristol	R	11	52	Munich	Sn	0	32
Brussels	R	5	41	Nairobi		—	—
Budpst.	F	3	37	Naples	C	12	54
Cairo		—	—	Nassau		—	—
Cardiff	R	11	52	Nwcstl.	C	12	54
Casbca.	S	21	70	N York†		—	—
Cape T.		—	—	Nice	S	15	59
Chicg.†	R	8	46	Nicosia	S	21	70
Cologne	R	7	45	Oporto	S	18	64
Cphgn.	S	5	41	Oslo	F	−3	27
Corfu	R	14	57	Paris	F	8	46
Denver†	F	−7	19	Prague	Sn	0	32
Dublin	R	12	54	Rykjvk.	C	2	36
Dbrvnk.	C	8	46	Rhodes	C	17	63
Ednbgh.	C	11	52	Rome	S	15	59
Faro	S	22	72	Salzb'rg	Sn	0	32
Florence	S	12	54	S'gicent	R	11	52
Frankf't	C	4	39	S. M'ritz		—	—
Funchal		—	—	Singapr.		—	—
Geneva	S	4	39	S'tiagot		—	—
Gibrltr.	S	19	66	Strasb'g	C	4	39
Glasg'w	C	12	54	Tangier	S	23	73
G'rnsey	C	11	52	Tel Aviv	S	21	70
H. Kong		—	—	Tenerife	F	24	75
Innsbr'k	C	2	36	Tokyo		—	—
Invrnss.	C	10	50	Tor'nto†	C	1	34
I.o.Man	C	11	52	Valencia	S	18	64
Jersey	C	11	52	Venice	S	9	48
Jo'burg		—	—	Warsaw	C	2	28
L. Plms.	S	23	73	Zurich	S	3	37
Lisbon	S	17	63				

C—Cloudy, F—Fair, R—Rain, S—Sunny, Sn—Snow. † Noon GMT temperatures.

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